

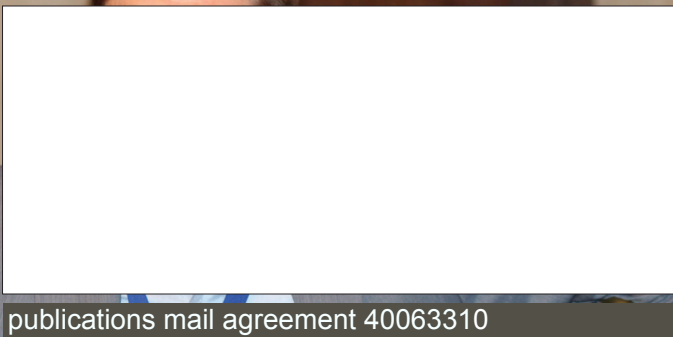


# the taxpayer

SUMMER 2014



## World Taxpayers Conference 2014 P14



**Taxpayer.com**



# From the President



Troy Lanigan

[tlanigan@taxpayer.com](mailto:tlanigan@taxpayer.com)

## 2014 World Taxpayers Conference: “best ever”

**T**he 2014 World Taxpayers Conference is complete. And by all accounts it was a tremendous success.

More than 200 domestic and international delegates gathered in Vancouver for the biennial conference of World Taxpayers Associations (WTA): 45 organizations from 21 countries is, we believe, the largest WTA gathering ever assembled.

At the end of the gathering, WTA founder Bjorn Tarras-Wahlberg, who has attended every event since 1988, declared Vancouver “the best ever.”

A full feature on the conference starts on page 14.

World Taxpayers Associations was founded 26 years ago with the purpose of protecting citizens from ever-increasing tax claims by the state. But its more practical purpose was to create dialogue among the growing number of taxpayer associations throughout the world and, importantly, to support the emergence of new taxpayer groups.

The 68 member and observer organizations from 54 countries that make up WTA hold a conference every two years that combines policy topics with workshops on best practices aimed at helping organizations be more effective.

The biennial event also serves as the board and members’ meeting for WTA. This year we elected a new board chairman, Stefan Wennberg, from Stockholm, Sweden. I was elected vice-chairman, joined by directors from Germany, Australia, Tanzania,

China, Korea, France and the United States.

Coupled with the retirement of our secretary general, WTA leaves Vancouver under completely new leadership.

This was the biggest event the CTF has ever undertaken and we couldn’t have done it without the contribution of so many. David Marley chaired our conference steering committee and Julie Vanagas (who was with us for this event in 1998) worked as our conference coordinator. CTF Board Chairman Michael Binnion helped secure sponsors and challenged us to aim high. Each of our staff made indispensable contributions to the success of this event.

To our sponsors and our donors: to say this event would not have been possible without you is an understatement. I especially want to recognize those who contributed to the conference’s Student Scholarship Fund that brought to life the goal of students making up 10% of attendees.

Finally, to those of you here and abroad that attended – especially our Taxpayer Caucus members – thank you! The world is a little bit freer because of your participation. **t**

“We couldn’t have done it without the contribution of so many.”



The Canadian Taxpayers Federation is a federally incorporated not-for-profit and non-partisan organization dedicated to lower taxes, less waste and accountable government. Founded in 1990, the Federation is independent of all partisan or institutional affiliations and is entirely funded by free-will, non-tax receiptable contributions. All material is copyrighted. Permission to reprint can be obtained by e-mailing the editor: [shennig@taxpayer.com](mailto:shennig@taxpayer.com). Printed in Canada.

## Summer 2014

PUBLICATIONS MAIL AGREEMENT NO. 40063310  
RETURN UNDELIVERABLE CANADIAN ADDRESSES TO:  
CANADIAN TAXPAYERS FEDERATION  
265-438 VICTORIA AVE. EAST  
REGINA, SASK S4N 0N7



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*The Taxpayer* is published quarterly and distributed to CTF donors as well as journalists, opinion-leaders and municipal, provincial and federal lawmakers.

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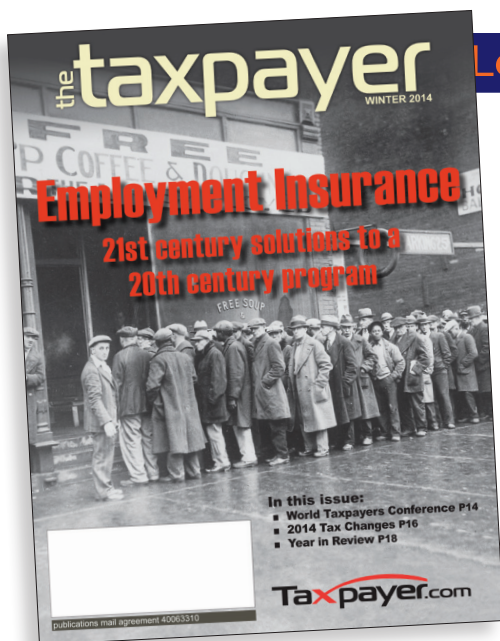
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## Letters to the editor

### Too much top-down; too little bottom-up

Mr. Lee's excellent letter in the Winter edition of *The Taxpayer* reflects my experience. I have long supported the Conservatives financially, but have lately become a one-way money sponge. Even if ministers are too busy to respond to thoughtful communication, at least an acknowledgment (if not agreement) by a junior staffer would show political savvy. Too much top-down; too little bottom-up.

Duncan Baynes  
Keremeos, BC

efficiencies which could be found in our system that would improve delivery and save money, but I suspect that the stakeholders (unions, administrators, etc.) all have an ox that they do not wish to see gored.

Elmer Borneman  
Chase, BC

### Economics is all about trickle down

For emotional or ideological reasons it may offend some to state that the poor do not employ people. But there you have it. It is private sector wealth that generates customer demand for world-class services and products, which in turn drives the economic engine which then allows for employment in both the private and public sectors.

Contrary to the 'social justice' beliefs taught today, it's the so-called greed and self-interest within each of us which actually allows for a more prosperous and healthy society for everyone. Adam Smith knew this as far back as the 1770s when he wrote *The Wealth of Nations*.

As Smith pointed out, the butcher cares much less that his customer's family should benefit from his sausages than for

### Bill C-518: no pensions for crooks

Suspended Senators Duffy, Wallin, Brazeau and Harb squandered the opportunity for a Senate career because of their greed, sense of entitlement, and over-developed opinion of their own worth.

Yet, even if they are eventually convicted of fraud or other criminal offence, they will still be eligible to receive a gold-plated pension, and beleaguered taxpayers would be forced to continue maintaining them in a princely retirement lifestyle that the taxpayers themselves are denied. That is, unless we pass John Williamson's Bill C-518.

MP Williamson needs our support to harness the anger and energy of Canadian taxpayers who are fed up with the two-tiered system which protects unsavoury politicians and senators but which, and justifiably so, comes down hard on employees in the real world who commit the same offences.

All Canadians should contact their MP and instruct her/him to support John Williamson's Bill C-518.

Tonia Kelly  
Perth, ON

### No bang for our buck

Let me say that I truly enjoy reading *The Taxpayer*. But, like your reader John Hotchkiss of Aylmer, ON (*The Taxpayer*, Fall 2013) I also get "damned mad" when I read how my money (taxes) is being wasted by those we believe in, and elect to 'look after the store.'

Costs keep going up and there does not appear to be an end in sight. In lockstep with costs, waiting times for medical attention keep getting longer.

If our spending is right up there with those countries paying the higher costs, but our 'bang for the buck' is somewhere in the middle of the pack then this should be a wake-up call for governments (federal and provincial). The former simply signs the cheques and the latter oversees how the money is spent.

If there are countries whose citizens get better and faster delivery of health care, why have our mandarins not investigated and copied what would work best in our system?

I am positive that there are

### Letters to the editor

Letters may be edited for length, content and clarity.

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his own family to benefit from them. But without customers the butcher cannot prosper. When the butcher offers his sausages at the highest quality for the lowest price with the best service, he is motivated and driven by his own self-interest, not that of his customers. And it is this selfish motivation in every competitive business, multiplied endlessly across the entire economy, which drives lower costs, higher quality, new ideas, more variety, growth, wealth and, yes, happy customers, jobs and higher standards of living for everyone.

Capitalist economies have natural peaks and valleys and it's tough to always remain competitive in

such a vibrant system but the fact remains that no other system in history has created more prosperity, freedom and higher standards of living for the average person than capitalism.

Mickey Moulder  
Windsor, ON

### Supreme Court out of touch

The recent ruling on the BC Tsilhqot'in band land claim will be entered in the history books as one of the more radical rulings ever rendered by the Supreme Court of Canada.

Without any consideration for the rights and needs of the other 4.6 million British Colum-

bians, it arbitrarily ruled all BC Crown lands and resources belong to aboriginals.

It has put a big dark cloud of uncertainty over the province as well as the rest of Canada in terms of citizenship, economic development and rights to title and resources for all Canadians, Status Indians included.

The failure of the BC government to consult is one issue; however, entitlement is quite another.

This ruling is just one more example of a dysfunctional judiciary that is appointed on a political whim, and accountable to absolutely no one.

Andy Thomsen  
Summerland, BC

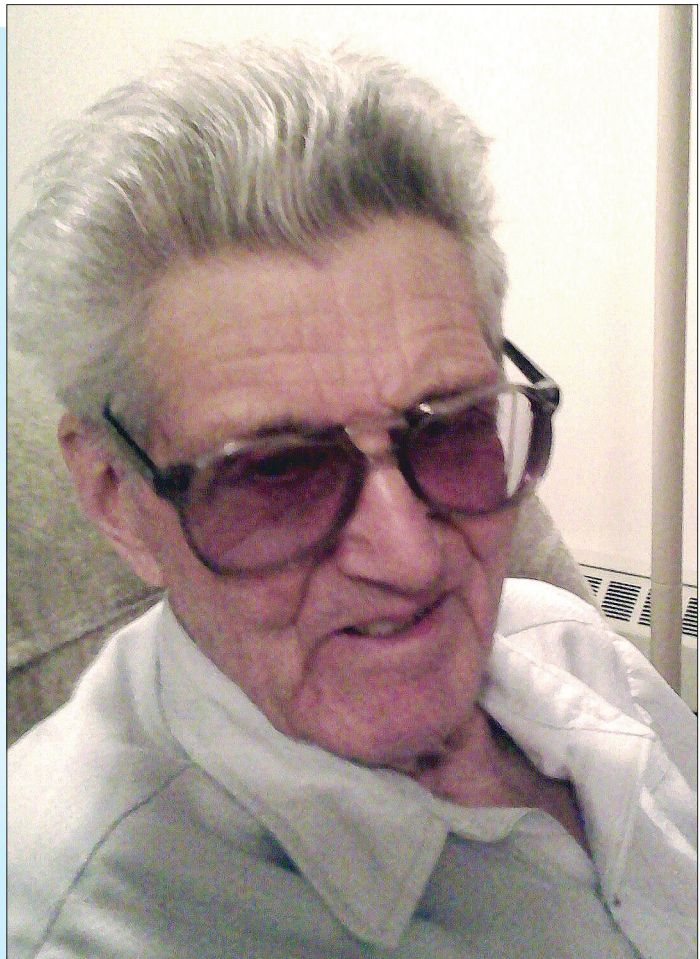
## FEATURED SUPPORTER

**R**obert Partridge, age 92, has been supporting the CTF since 1995. Robert farmed near Duffield, AB, until the early '90s when he and his wife moved to Stony Plain.

He is a Second World War veteran who served with the 14th Canadian Armoured Regiment in Italy and the Netherlands.

His wife passed away six years ago and he currently resides in an assisted living home. He likes playing cards and floor curling. He used to be a champion bowler and loved fishing.

He renewed his support for the CTF in May with a generous donation for the student intern program when CTF agent Don Wolff stopped by. There certainly is no apathy in this generous man.







## Ottawa's green bin of waste

The city of Ottawa requires its residents to pay for and use a green bin for organic material such as waste food, in addition to the blue bin recycling and regular garbage bins.

According to an auditor's report, the green bin is a testament to waste and mismanagement at city hall.

When implementing the program, the city contracted Orgaworld Canada Ltd. to process the organic waste. Under the 20-year contract, the city guaranteed it would supply the company with 80,000 tonnes of organic material each year.

However, city management grossly overestimated how much waste would be collected: only 21,000 to 57,000 tonnes of organic waste is being collected annually. But under the contract, signed in 2008, the city must pay for processing 80,000 tonnes.

According to the report, city staff misled council into believing the city would easily collect 100,000 tonnes of organic waste each year.

The auditor stated that the city has wasted \$8 million paying for waste never collected. This is in addition to \$1.7 million spent on legal advice surrounding the contract.

Source: CBC.ca

## Chief of 81-member band collects \$914,219

Chief Ron Giesbrecht of the Kwikwetlem First Nation band in British Columbia was paid \$914,219 last year, including an \$800,000 bonus.

If it was all non-taxable income, that's the equivalent of a person earning \$1.6 million living off-reserve. (Status Indians living on-reserve are not required to pay federal or provincial income tax.)

Giesbrecht was also paid \$16,574 in expenses.

The chief's income was exposed as the federal government required aboriginal bands to post chief and councillor salaries and expenses online, effective July 29.

This was a result of the *First Nation Financial Transparency Act*, passed last year. The act was a major victory for the CTF, which has pushed for public disclosure of chief and council salaries since 2009 after receiving numerous complaints from band members frustrated by the lack of transparency at the band level.

The Kwikwetlem band, located near Coquitlam, BC, has a population of 81 people with only 35 actually living on the reserve.

Source: *The Globe and Mail/Canadian Taxpayers Federation*

## A Netflix tax?

With millions of consumers signing up for Netflix, which streams online TV and movies, it shouldn't be a surprise someone's looking to it as a source of new income.

According to reports, the CBC wants the CRTC to force Netflix subscribers to pay the same 'Cancon tax' as cable subscribers. The tax is turned over to a media fund which in turn subsidizes Canadian productions.

Much of the money goes back to the cable companies – such as Bell, Shaw / Videotron and Rogers – which collected the money in the first place. Of course, another major recipient of the fund is the CBC.

However, Netflix is not a cable company; so far the CRTC has exempted its subscribers from paying.

Since US-based Netflix would not be eligible to receive Cancon funding, it opposes collecting the tax to subsidize productions at cable companies – Netflix's competitors.

Canadian Netflix subscribers have the most to lose, since many of them also subscribe to cable and would essentially be paying the Cancon tax twice.

Source: *Huffington Post*

Skill testing question: When does garbage become art?

Answer: when governments are willing to subsidize it.

In April, a Saskatoon resident was so disgusted with a piece of so-called art,

## The "art" of government spending

The real reason for Greece's economic collapse.



Flicker/Jespell



paid for by city taxpayers, that he threw a tarp over it.

Artist Keeley Haftner used a \$4,300 subsidy from the city's Placemaker program to create something she called *Found Compressions One and Two*.

The installation consisted of two compressed bales of garbage gathered from a local recycling plant. The city gave permission to display the "artwork" on a busy street corner.

An outraged city resident, Luke Coupal, covered the art with a tarp and added a sign reading "Our tax dollars are for keeping garbage OFF the street."

Within 24 hours the tarp and sign were removed.

Source: *The National Post*

## Saskatchewan francophone school division demands taxpayers pay for their culture

Conseil scolaire fransaskois (CSF), Saskatchewan's francophone school division, is taking the provincial government to court in an effort to force taxpayers to pay the group a higher subsidy.

The Saskatchewan government already pays the CSF a subsidy of \$19,831 per student, nearly double the \$10,981 it pays to anglophone schools.

The CSF is demanding more money to pay for the cultural side of its education program. It believes that under the Canadian Charter of Rights, Saskatchewan taxpayers should subsidize French identity and culture in addition to education.

The CSF says this will "right the wrongs caused by 100 years of assimilation" in that province.

This isn't the first time the CSF has taken the Sas-

katchewan government to court. Lawyers for the provincial government describe the continued legal wrangling with the CSF as "exhausting." For taxpayers, that is code for "costly."

Source: *Regina Leader-Post*

Waterfront Toronto is under siege again for questionable spending after \$600,000 was spent constructing a simple outdoor toilet at Cherry Beach sports field.

Waterfront Toronto receives funding from the city as well the Ontario and federal governments.

The \$600,000 bill included \$175,000 on "architectural design."

Many, including Toronto city councillors, wonder why so much was spent on this project when the city built a similar outdoor bathroom for \$250,000, with only \$25,000 spent on design.

Waterfront Toronto argues there were "special environmental concerns" that justified the expense.

This isn't the first time Waterfront Toronto has come under fire for questionable spending. It was recently criticized for spending \$500,000 on two painted rocks and \$11,565 for 36 pink umbrellas.

Source: *Sun News Network*

## Forgery in the passport division

RCMP are investigating a Citizenship and Immigration Canada employee who allegedly sold passports either to foreigners or Canadians seeking a false identity.

People from outside Canada and those seeking new identities were given false names, addresses, and birthdates.

Aline Rozeline Zeitoune, based in Toronto, was charged with 96 counts of forgery, making and selling false identity and making false statements.

According to police, criminal elements use forged identity documents to travel with impunity in their own country and abroad. However, since

Who would use real money to buy fake painted rocks?



Toronto's Painted Rocks: Flickr/Sean Marshall



the RCMP has notified other authorities about these forged documents, they will no longer be useful.

The RCMP has not been able to track down many of the 22 people who allegedly received the forged documents. Some of the foreigners involved have left the country. Two foreigners are in police custody charged with passport fraud.

Zeitoune has been placed on unpaid leave. Further action will be undertaken if she is found guilty.

Source: *The National Post*

## A tsunami of government spending after 2011 Manitoba flood

The CTF filed an access to information request on spending by the Manitoba government in response to the 2011 flood in that province. The following is some of the spending tagged “flood assistance.”

One project included \$85,000 to fly in a Toronto consultant who met with

eight Brandon businesses to discuss how they could recover from the flood. The city of Brandon received \$9,500 to cover related costs for the meeting.

Then there was the \$19,310 given the St. Laurent Community Development Corporation so it could hire an employee... to help it receive more government grants.

The White Water Community Economic Development Organization received \$32,000 for a sound system and other technology for a community hall which apparently wasn't even affected by the flood. It wasn't alone: the Regional Municipality of Portage received \$25,000 to upgrade the Fort la Reine Museum, Pioneer Village and Tourist Bureau which also were not affected by the flooding.

Source: *Taxpayer.com*

Green bin: Flickr/Doug/Green Day



The Australian government of Tony Abbott will soon introduce a work for welfare program to try to curb abuse of social assistance in that country.

Welfare recipients will be required to make 40 job applications a month and spend up to 25 hours a week volunteering in a community program. Any who fail to show up for scheduled volunteer work could lose up to 10% of their benefit for every day missed.

People aged 18 to 30 will be required to work 25 hours a week, those aged 30 to 49 to work 15 hours and anyone older than 50 to work 15 hours.

The program, which is generating negative reaction from “social activists,” will come into effect July 1, 2015.

The government says the volunteer work experience will help recipients to move off welfare.

This is Australia's second attempt at a work for welfare scheme.

Source: *News.com.au*

In an article in the *New York Times*, Despina Antypa explains how Greek bureaucrats are behind the destruction of the Greek economy.

She and her husband worked in Greece, but both knew their positions could end at any time due to the collapsing Greek economy.

With that in mind she made preparations to start her own business — making French macarons. When the inevitable did happen she sprung into action. She developed a website and business was growing. Articles were written about her successful business venture called “Le macaron grec.”

Then came the Greek bureaucrats. Despina writes:

“But as happens so often in Greece, the bureaucrats had other plans. In a country where you are viewed favorably when you spend money but are considered a criminal when you make it, starting a business is a nightmare. The demands are outrageous, and include a requirement that the business pay taxes in advance equal to 50% of estimated profit

## Australia introduces work for welfare

## Bureaucrats destroy economic activity

Ottawa's green bins take waste to the next level.



in the first two years. And the taxes are collected even if the business suffers a loss.

"I needed only 20 square metres for my baking business, but inspectors told me they could not give me permission for less than 150 square metres. I was obliged to have a separate toilet for customers even though I would not have any customers visit. The fire department wanted a security exit in the same place where the municipality demanded a wall be built.

"I, like thousands of others trying to start businesses, learned that I would be at the mercy of public employees who interpreted the laws so they could profit themselves.

"And so in the winter of 2013, my business was finished before it had a chance to take off. The website and a couple of empty boxes in the top of my closet are now the only evidence of the inglorious end of a dream."

She and her husband have since left Greece and now work in Brussels.

Source: *The New York Times*

## Electric car chargers collecting dust

In April 2013, Okanagan College in Penticton, BC, set up two charging stations for electric cars, each costing \$5,000, with the provincial government coughing up three quarters of the price.

Chargers have also been purchased for the college's three other campuses.

In the first year of operation, the charging stations at the Penticton location were only used eight times.

There a number of reasons for this lack of use. Electric/hybrid cars are not cheap and students are not rich, so a college may not be a prime location for a charging station.

Secondly, in 2013, there were only 27 electric cars registered in the southern interior of the province. This means there are eight stations for 27 vehicles. There were only 662 electric cars for all of BC that year.

Hybrid cars are expensive, costing up to six figures, which raises the question why taxpayers are footing the bill for the rich.

Source: *Penticton Western News*

## Bureaucrats running amok in PEI

After 35 years of operation, a Prince Edward Island business has been successfully destroyed by bureaucrats.

Paul Offer and his wife Jean operated a small diner-by-appointment restaurant called Doctor's Inn. The

food was prepared from produce grown in their two-acre garden.

The business was closed down after decades of successful operation because the health department ruled the couple was also using the dining room where they offer the meals as their own private dining room.

According to regulations it is unsanitary to have a kitchen used for both private and public meals.

Source: *The National Post*

The Department of Foreign Affairs, Trade and Development (DFATD) has issued a tender for shuttle buses.

The buses will be used to move employees among three buildings. Two of the buildings in the National Capital Region are only a three-minute walk apart.

The shuttle buses will run 10 hours a day Monday through Friday, with service expected every 20 minutes. The buses must be able to seat at least six people.

The initial contract is for an eight-month trial, with a provision of yearly extensions for up to four years.

There was no estimate given on costs, but an extension of bus service on Parliament Hill in 2011 saw transportation costs increase by an additional \$500,000.

Of course, DFATD insists the move will save money.

Source: *The Ottawa Citizen*

Saskatchewan's francophone schools suing for more funding.

## Foreign Affairs wants a shuttle bus for a three-minute walk



Haldain School Saskatoon, Flicker/Daryl Mitchell





CTF President and CEO Troy Lanigan (L) discussing recent legal developments with Irvin Leroux's CRA court case.

# Irvin Leroux:

## His 18-year battle with CRA and fight for "Duty of Care"



by Karen Selick  
Canadian  
Constitution  
Foundation

**I**rvin Leroux, a 70-year-old former businessman living in Prince George, BC, recently became a hero to the taxpayers of Canada – although few of them know it yet.

Among the inner circle of tax practitioners – the lawyers and accountants who fight Canada Revenue Agency (CRA) every day – his name is quietly circulating. They are blogging about him and refer-

ring to him in submissions they make to tax court.

What did Irvin do that has the potential to benefit each and every Canadian taxpayer? He fought the CRA for 18 years – and recently, he won.

A decision handed down on April 30, 2014 by Madam Justice M.A. Humphries of the Supreme Court of BC (*Leroux v. Canada Revenue Agency 2014 BCSC 720*) contained two extraordinary rulings: first, that the CRA owed a duty of care to Irvin to deal with him in a

non-negligent manner; and second, that the CRA had breached its duty of care by slapping Irvin with huge penalties for errors in reporting his income – errors he did not actually make.

Imagine the consternation that must have prevailed in CRA offices across Canada when they read that decision. *What? We have to treat taxpayers fairly? We have to use care when we do their assessments? We have to actually know the law ourselves before we penalize some poor schmuck for allegedly not knowing it?*

*Oh, no! We'll have to revamp our entire modus operandi!*

But despite winning these important legal rulings for the taxpayers of Canada, Irvin Leroux is not a happy man today. The fly in his ointment? The judge found insufficient evidence that the CRA's treatment of him had led inexorably to his financial ruin. He had not "demonstrated a causal link between the negligence of CRA in imposing unjustified penalties... and the consequent loss of his [business] and home."

I spoke recently to a Toronto tax lawyer, someone who has chosen to make his career litigating against the CRA. Many of his clients have suffered financial disaster like Irvin's following an audit by the CRA. He chuckled woe-fully at the judge's error. If he had been the judge, he said, he would immediately have understood how the large penalties and liens imposed upon Irvin had led to his financial difficulties. "I deal with the CRA daily... and I see it on a daily basis," he said.

Irvin has launched an appeal against the ruling. But the CRA is also attempting to cross-appeal the decision. CRA is miffed that the court didn't order Irvin to pay its court fees when (technically) he lost the case and CRA won it. But the appeal smacks of being just another nasty, vengeful move from the CRA playbook.

The trial judge accepted Irvin's status as "indigent" and exempted him from paying hearing fees of \$7,700 because those fees would consume his entire income for seven months. So even if the appeal court were to or-

der Irvin to pay the CRA's costs – likely astronomical after all these years – he has no realistic ability to pay. He has already been crushed financially by the CRA's actions, and further attempts to extract even installment payments of \$100 per month could only be described as cruelty towards someone living on \$1,100 per month.

But the CRA may just be using costs as a backdoor route to get the appeal court to soften the trial judge's harsh language about its duty of care. Its motion for leave to appeal alleges: "The trial judge specifically erred in denying costs to the CRA on the basis of... reliance on a duty of care owed by the CRA to the plaintiff..."

My employer, the Canadian Constitution Foundation (CCF), has assisted Irvin since 2010 in retaining and paying counsel. We were proud to help establish the

gation, we'll be there to ensure that it stands.

But the case has been very expensive. The CRA is apparently willing to spend unlimited funds (yours!) on legal fees, to defend its "right" to be negligent. Taxpayers have to scrounge around among what the CRA leaves us in order to fight back.

Irvin has made a good start toward raising money for the appeal through his crowd-funding project at Indiegogo. But he'll need more – possibly as much as \$100,000. The Canadian Taxpayers Federation has agreed to come aboard and help fundraise for Irvin's defence.

If you want to help this hero – and protect your own right to be treated fairly by the CRA – please donate generously to Irvin's fund through the CTF. Meanwhile, the CCF will be seeking intervenor status in his appeal, to main-



The CRA is willing to spend unlimited funds (yours!) on legal fees, to defend its "right" to be negligent.

tain this important legal principle. We'll need donations too. To make a tax-deductible charitable donation for this purpose, please donate to the CCF via our website. **t**

Karen Selick is Litigation Director for the Canadian Constitution Foundation, as well as a board member of the Canadian Taxpayers Federation. She can be found (and you can make donations to the CCF) at [www.theccf.ca](http://www.theccf.ca).



When the city used outside negotiators to haggle a contract with CUPE, the union leaders bitterly complained even though they did the same. Prince George council knew it couldn't bring a knife to a gun fight.

er during a recent interview in the northern BC city. "I was 15 years old the last time they got zero. We knew we had to stop that cycle."

The BC government used a net-zero mandate in 2010 and 2011 with its unionized staff and saved provincial taxpayers \$3 billion. Essentially, net zero means any contracted pay raise has to be balanced with an equal cut somewhere else in the same contract. This keeps any potential cost increases to taxpayers at zero.

In Prince George, it took a one-day strike, some wrangling at the Labour Relations Board (LRB), tough negotiating for more than a year, and uncharacteristically thick-skinned politicians, but the end result was a win for taxpayers: a four-year deal built on the net-zero principle.

CUPE employees received a wage increase of 1.25% over two years, but every nickel is funded through savings in other parts of the contract, including benefits. In years three and four, CUPE will see 2% hikes. This is believed to be the only municipal contract in BC built on net zero – despite the success the provincial government had with the model.

"CUPE National tried to make

## Prince George negotiating a model for Canadian cities



by Jordan Bateman  
B.C. Director

**P**rince George, BC, may seem like a strange location for a major step forward in protecting taxpayers against the ever-growing reach of big government employee unions.

Prince George, after all, is a blue collar town – the 'Northern Capital of BC,' with strong links to such resource industries as forestry, mining and oil and gas. Thousands of unionized private-sector employees make up a huge chunk of the city's

population of 88,000 people.

Yet, Prince George city council, led by Mayor Shari Green, has done what no other BC municipality has been able to do – deliver a 'net-zero' contract settlement with the Canadian Union of Public Employees (CUPE), which city officials estimate will save taxpayers as much as \$880,000 annually. The city's annual payroll currently runs at \$47.2 million.

"Before this contract, Prince George's CUPE employees had enjoyed 28 consecutive years of increases," Green told *The Taxpayer*–

Prince George a poster child by making an example of us,” said Green. “They tried everything they could to make us break. We knew we had to stand firm.”

Prince George’s CUPE workers had just come off a five-year contract under which their wages increased 16%. Meanwhile, in the real world, the 2008 global economic meltdown hurt local businesses and families, making the ever-growing burden of city labour unsustainable.

Still, CUPE came in wanting more money, resorting to political bullying tactics to try and get it. But the union underestimated the level of public support for Green and the council.

A one-day strike did little to bolster CUPE’s cause with taxpayers. Neither did resorting to the same personal attacks their union brothers and sisters in Vancouver had used in 2007 to force that city council to buckle to their demands. In Vancouver, union employees dubbed that labour dispute “Sam’s Strike,” and were merciless in attacking then-mayor Sam Sullivan. Prince George’s mayor was dubbed “Grinch Green,” and the one-day walkout was called “Shari’s Strike.” It didn’t matter.

“Council knew we had to stick to our guns and we were unanimous

about it – we didn’t blink for a year because we knew our mandate was to look out for the best interests of the taxpayer,” said Green. “Public support was not on CUPE’s side, and I received so many calls and emails of support during that time, being stopped in the grocery store, everywhere.”

During the labour dispute, Prince George was hit with nine days of record snowfall, but the city was able to continue on with snowplowing, thanks to an LRB ruling that snow clearing was an essential service. This limited the disruption to the public and kept council strong.

One of the keys to council’s victory was bringing in an outside negotiator to represent it at the table. While the CUPE president went on the attack, claiming that “taxpayers should also be concerned that the city has hired an expensive, high-profile lawyer from Vancouver to conduct negotiations on their behalf,” council realized it couldn’t bring a knife to the proverbial gunfight.

“What’s good for the goose is good for the gander,” said Green, noting CUPE brings in its own professional negotiators. “I didn’t think this would be a short, or easy, pro-

cess. I anticipated that they would bring their best and we needed to have outside expertise – a labour lawyer – and it proved to be well worth the money.”

After the net-zero deal was struck, there were some relationships to mend at city hall. “You should never confuse union membership with union leadership; they don’t always see things the same way,” said Green. “I heard from many staff members who felt what we were offering was reasonable. For others, it took some time, but these things heal.”

Green is not seeking re-election this November, although there are hints she may be looking at a 2015 federal election run. Whatever happens, the net-zero contract will be a key legacy of her term in the mayor’s chair.

“When you choose to take the position to hold the line, you get told you’re being disrespectful somehow,” said Green. “But it’s not a sign of respect to give wage increases – you have to do the best with what you have. We didn’t have the appetite for a 29<sup>th</sup> straight wage increase, and neither did our taxpayers.” **t**

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Prince George Mayor Shari Green has done what no other BC municipality has been able to do – deliver a ‘net-zero’ contract settlement with its employees saving taxpayers as much as \$880,000 annually.

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Prince George Mayor Shari Green – photo courtesy of the Mayor’s office.





# 2014 World Taxpayers Conference



by Scott  
Hennig  
VP, Communications

**T**he 2014 World Taxpayers Conference is in the history books. And by all accounts it was a resounding success.

In all, more than 200 domestic and international delegates gathered in Vancouver for the biennial conference of World Taxpayers Associations (WTA): 45 organizations from 21 countries is, we believe, the largest WTA gathering ever assembled.

We did our best as hosts to showcase Canada – Vancouver in particular – and provide delegates with the best possible mix of international leaders and experts alongside Canadian speakers and success stories.

At the end of the gathering, World Taxpayers Associations founder Bjorn Tarras-Wahlberg,

who has attended every event since 1988, declared Vancouver “the best ever: program, facilities and location.”

## Program

Fraser Institute founder Dr. Michael Walker opened the 2014 proceedings, as he did in 1998 when the CTF last played host to the WTC. Other high-profile Canadian speakers included Stockwell Day, who discussed Alberta’s single-rate tax 15 years after having introduced the measure as that province’s treasurer, and well-known Canadian commentator Rex Murphy, who gave a passionate presentation to end the proceedings.

Other speakers included CATO Institute’s Dr. Dan Mitchell, who spoke on tax competition, and C.D. Howe Institute’s Colin Busby on what an aging population means for entitlement programs. Sessions

were held on the power of unions, what impeding development in the energy sector means for taxpayers, and a panel addressing new tax threats from taxes on food to financial transactions and the Internet.

But the conference was not only about issues; best practices aimed at improving effectiveness included workshops on fundraising, online activity and communications.

While a majority of the presenters were North American, the international flavour of the conference was on display with speakers from Great Britain, China, Ghana, Australia, Germany and Ukraine. In addition to speakers from these countries a series of roundtables was hosted by groups from Estonia, Poland, Finland, France, Korea, New Zealand and Hong Kong, among others.

## Recognition

The CTF was pleased to present former Finance Minister and Prime Minister

**BELOW:** Delegates from Ghana speak at one of several panels held during the conference.







“More than 200 domestic and international delegates gathered in Vancouver for the biennial conference of World Taxpayers Associations: 45 organizations from 21 countries is, we believe, the largest WTA gathering ever assembled.”

Paul Martin with a special “Stop the Clock Award” in recognition of his efforts – largely through spending cuts – to balance the country’s books and pay down debt.

The former prime minister was introduced by former CTF Federal Director (1997-2003) Walter Robinson, who talked not only about Martin’s



**TOP:** 2012 hosts of the World Taxpayers Conference, Oleg Mazarak and Oksana Tkachuk of the Ukrainian Taxpayers Association made it to Vancouver despite difficult circumstances in their home country. **LEFT:** Rex Murphy provided a wildly entertaining close to the conference.



taxpayers in every corner of the globe.

After building one of the world’s largest taxpayer associations in Sweden, Bjorn founded WTA with a handful of groups in 1988. He travelled the world not only to support the emergence of dozens of new taxpayer groups, but to promote taxpayer and prosperity-friendly policies.

A particular passion of Bjorn’s is support for flat taxes that went from the policy in one country to 27 countries during his tenure.

In what turned out to be a picture-perfect evening at the Vancouver Aquarium, WTA presented Bjorn with cufflinks and the CTF board of directors bestowed Bjorn with our TaxFighter Award – the first time ever presented to a non-Canadian.

## Students

One of the goals we established

achievement in paying down debt, but also in ending bracket creep taxation and always having an open door to meet with the CTF.

From his first balanced budget as finance minister in 1997 to when he left office as prime minister in 2006, Martin reduced Canada’s federal debt by \$81.4 billion.

Also recognized was WTA founder and Secretary General Bjorn Tarras-Wahlberg, who retired after 26 years fighting for







## World Taxpayers Associations

**B**ehind the scenes, the World Taxpayers Conference held every two years also serves as the board and members' meeting for World Taxpayers Associations.

This gathering in Vancouver was significant for two reasons. It said farewell to its founder Bjorn Tarras-Wahlberg, who has served as the organization's secretary general since 1988.

Second, the WTA's volunteer board chairman of the past decade, David Stanley, resigned before the event. David was not only a dedicated champion of taxpayers' rights but a generous donor who made much of WTA's work possible over the past several years.

Elected as the organization's new chairman is Staffan Wennberg of Stockholm, a long-time volunteer and one of the most respected members of WTA, having served as its auditor for many years. Previously Staffan was marketing manager for the Swedish Taxpayers Association and involved with the publishing business in Scandinavia (including a connection with Canadian-based Harlequin Enterprises).

Vice-chairman of the WTA board is CTF President Troy Langan (rules provide that the chairman and vice-chairman be from different continents). Other members of the board include representatives from the United States, France, Germany, Australia, Tanzania, China and Korea.

The World Taxpayers Associations is an umbrella organization made up of member taxpayer groups. It was founded in 1988 with the purpose of protecting citizens from ever-increasing tax claims by the state. But its more practical purpose was to create dialogue among the growing number of taxpayer associations throughout the world, and importantly, to support the emergence of new taxpayer groups.

Today's 68 member and observer groups are guided by a set of principles which include support for: 1) flatter, simpler taxes, 2) balanced budgets, 3) tax competition, 4) government transparency, and 5) taxpayer rights (right of appeal, oppose unjust treatment by tax officials, etc.).

The biennial conference of WTA was held in London in 2010, Kyiv in 2012, Vancouver in 2014 and is scheduled to be hosted in Berlin in 2016.

**RIGHT:** Media interview Chinese Taxpayers president Fengjiang Liu.



**ABOVE:** WTA founder and Secretary General Bjorn Tarras-Wahlberg retires after 26 years of service.

“We trust that all delegates – domestic and international – left Vancouver with new knowledge and new friends in the common cause of a freer world.”

early for the WTC was that 10% of attendees be students. We are pleased to report that we were able to raise over \$20,000 as part of a designated Student Scholarship Fund and bring 18 young Canadians, from every corner of the country, to attend the event.

Many of the students who attended are involved with the Generation Screwed campaign, so not only did they take in a great conference, but they were able to meet and share experiences with other students involved with the campaign from campuses across the country.

### Looking ahead

We trust that all delegates – domestic and international – left Vancouver with new knowledge and new friends in the common cause of a freer world.

The WTA itself left Vancouver with new leadership in place and looks forward to continuing its mission “working together for lower taxes, less waste, accountable government and taxpayer rights all over the world.”

The 2016 World Taxpayers Conference will be hosted by our friends at the German Taxpayers Association in Berlin.







## Paul Martin Highlights

**F**ormer finance minister and prime minister Paul Martin spoke to a packed audience at the 2014 World Taxpayers Conference. Here are a few highlights of what he had to say about the CTF:

"[Former CTF director] Walter Robinson was really one of the smartest men that I ever had to engage with as a minister. I found the Taxpayers Federation, the exchanges were very much on an equal basis. I think bracket creep – I have to give Walter an enormous amount, and the Taxpayers Federation the credit for that ..."

"I want to thank all of you for this award, the Taxpayers Federation and each and every one of you in this room. Allow me if you will to accept the award on behalf of really all of those Canadians from coast-to-coast-to-coast who in the mid-1990s rose to the challenge posed by a balance sheet that was strangled. And it's in this context that I want to mention the Canadian Taxpayers Federation. You did play a major role in our success in this area. And anybody who knew the facts could not deny that ..."

"When I was in office, I didn't agree with everything the Canadian Taxpayers Federation



**ABOVE:** CTF President and CEO Troy Lanigan (L) and CTF Board Chairman Michael Binnion (R) present former Prime Minister Paul Martin with a special "Stop the Clock Award."

said and I know they didn't agree with everything I did. But there is one thing I do know, and that is Canada is so much better off for the Federation's willingness to debate the issues, for the capacity and the skill and the insight and the analysis that it brought to those debates and perhaps more than anything else for its commitment to the task at hand..." **t**

**BELOW:** CTF President and CEO Troy Lanigan and the CTF's Director of Special Projects, Aaron Gunn pose with students who attended the 2014 World Taxpayers Conference.





# No taxation *without* representation



by Michael Chong  
Member of Parliament

**T**he cry of “no taxation without representation” in the colonies of British North America led to the establishment of a basic constitutional principle: That taxation and spending must be approved by elected legislatures. Sections 53 and 54 of the *Constitution*

*Act, 1867* enshrine this basic constitutional principle of “no taxation without representation.”

In Canada, the elected House of Commons, not the unelected Senate, has the primary role in approving taxation and expenditures. In other words, before the government can demand taxes of its citizens, those citizens have the right to have their elected MPs debate and approve these taxes and the spending that results.

This hard-won democratic control over taxation and spending is an important constitutional principle and not without consequence.

According to the CIA World Factbook, last year governments in Canada collected 38% of GDP in taxes. In other words, individuals and businesses in Canada paid nearly 40 cents of every dollar they earned in taxes.

Control over taxation and spending is why the role of the elected MP is so critical in our system of government. However, it is clear that decades of changes to Parliament

have weakened the role of MPs and centralized that power in the party leaders. As a result, your democratic representation through your elected MP has weakened, with the result that democratic controls over taxation and spending have also weakened.

These changes are not the result of any one party or any one leader, but are the cumulative effects of changes made over many decades. Of all the changes that have weakened MPs and Parliament, three stand out:

- Changes to the *Canada Elections Act* in 1970 gave party leaders the power to approve party candidates, control party nominations and control local electoral district associations. In fact, Canada is the only Western democracy where party leaders, by law, have a “veto” over party candidates and the power to replace a local electoral district association.
- Parliament’s unwritten rules have changed over the years in a way that has advantaged party leaders and disadvantaged MPs, weakening the power MPs used to wield within parliamentary party caucuses.
- The rules for caucus in reviewing the leader have not been written down, and as a result, the process is opaque and unclear. This has weakened the accountability of party leaders to MPs.

There is empirical data to demonstrate the effects of these changes. A study done by the *Globe and Mail* analysed 600 votes that took place in the House of Commons between June 2011 and January 2013. As a result of the high degree of leader control through the party whips, the average MP in the Canadian House of Commons voted with the party line 100% of the time; the most independently minded MPs broke rank about 1% of the time.

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The ideas proposed in this bill are similar to current practices of parliaments in Australia, New Zealand and the UK.

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“The average MP in the Canadian House of Commons voted with the party line 100% of the time; the most independently minded MPs broke rank about 1% of the time.”

When compared to other parliaments, the contrast is stark: About a quarter of British MPs vote against the party line more frequently than the most independently minded Canadian MPs (data on voting patterns of British MPs taken from [publicwhip.org.uk](http://publicwhip.org.uk)). The difference in voting patterns is due to the fact that British MPs have much more autonomy to represent their constituents and British party leaders have far less power to control them compared to their Canadian counterparts.

To address this democratic deficit, the *Reform Act* was introduced in the House of Commons in December, 2013. It proposes three simple reforms:

- First, it would restore local control over party nominations, by replacing the “party leader” with a provincially or territorially elected “nomination officer” for the purposes of approving party candidates in an election.
- Second, it would increase the power that MPs wield within parliamentary parties by requiring the election (as opposed to the appointment) of the caucus chair and mandating that an expulsion of a caucus

These reforms will allow MPs to represent their constituents instead of their party or party leader.



member only be carried out by a secret-ballot vote of caucus. (Currently, a member can be expelled by the leader.)

- Third, it would reinforce the accountability of the party leader to the parliamentary party by specifying the rules for the caucus to review the leader.

These reforms will strengthen the role of elected MPs, allowing them to represent their constituents and break rank with their party leader on issues of importance without getting kicked out of caucus, kicked out of the party or removed as the party candidate. The prime minister and other party leaders would still be immensely powerful under these reforms. However, they wouldn't be all powerful.


These reforms would also make parties more accountable. Parties are quasi-public institutions that receive vast sums of taxpayer money. In return for that money, they ought to be more accountable and more transparent.

The ideas proposed in this bill are not new, but very old. They are the ideas that Canada's democratic institutions were founded upon in the 1840s, after the Rebel-

lions of 1837. Furthermore, many of the reforms proposed in the *Reform Act* are similar to current practices in other Westminster parliaments in Australia, New Zealand and the UK.

If enacted, the *Reform Act* would restore Parliament to the way it worked in Canada for many decades. It would strengthen Baldwin and LaFontaine's principle of responsible government, making government taxation and spending more accountable to the people's elected representatives.

Democracies around the world have produced the greatest prosperity and the most stable societies. This is no accident. In Canada, it will be the health and strength of our democratic institutions that will determine whether or not we keep our tax system competitive, control spending and sustain our economic prosperity in the 21st century. Strengthening democratic checks and balances on the power of government is vital to our future peace, order and good government.

The first vote on the bill is expected to take place this September. I encourage you to contact your local MP and express your support for the *Reform Act*. 

Michael Chong is the Conservative Member of Parliament for Wellington-Halton Hills, and sponsor of the *Reform Act*.



# Read the smoke signals: debunking tobacco tax myths



by Candice  
Malcolm  
Ontario Director

**T**obacco taxes are seen as a slam dunk for politicians. Smoking is generally looked down upon and anti-smoking campaigns rally popular support from across the political spectrum.

No one wants to appear 'pro-tobacco,' so there is usually little opposition when politicians slap additional 'sin taxes' onto tobacco products. It's easy revenue for the government, and, so the argument goes, has added benefits for public health outcomes, presuming that higher taxes result in fewer smokers.

The Canadian Taxpayers Federation recently teamed up with a US-based think tank, the Reason Foundation, for a new report that challenges conventional assumptions about the use of sin taxes and uses data to debunk many of the tobacco myths cited by politicians to justify new tax hikes.

It was a timely report in both Canada and the US, as both countries saw significant tobacco tax proposals and hikes in the past year – from Ontario to BC, Massachusetts to Minnesota – and a proposal by President Barack Obama to introduce a federal cigarette tax that would add nearly \$1 per pack in new taxes.

## Case study: Chretien gets it right (briefly)

In 1994, then-prime minister Jean Chretien did something that politicians rarely do: he drastically reduced the excise tax on tobacco. This was in response to growth in contraband tobacco sales, and the criminal activity surrounding the trade, which made up an estimated 31% of the market share in 1993. Chretien cut the tobacco excise tax in half, from \$10.36 per carton to \$5.36 per carton, which prompted many provinces to follow suit and significantly cut provincial tobacco taxes as well.

According to RCMP reports, this led to a sharp decline in smuggled and illegal tobacco. A 2008 *Tobacco Enforcement Strategy* document states that, "when the tax rollbacks were impended, smuggling of tobacco disappeared almost overnight."

Lower taxes meant that more people could buy tobacco products legally, and fewer were willing to break the law to

buy on the black market. Smugglers could no longer compete at the new price point, so most in the contraband market were put out of business. In 1994, the RCMP seized 456,000 cartons of illegal cigarettes, but following the tax decrease, that number dropped each year and fell

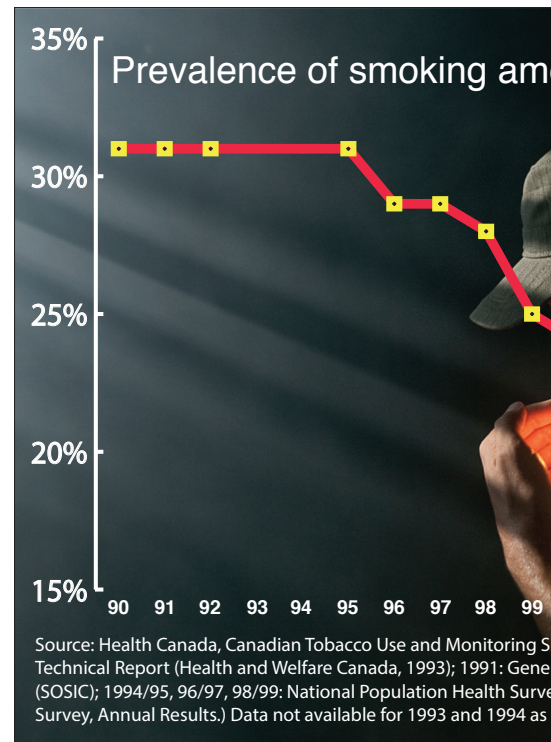
as low as only 29,000 seizures in 2001. That represents a 93.6% decrease over just six years.

Despite the success of this tax policy relative to the black market, federal lobby groups and anti-smoking campaigns pressured the prime minister to once again hike taxes in order to discourage smoking. In 2002, the federal government introduced significant and rapid tax increases that nearly tripled federal tobacco taxes to \$15.85 per carton. Just as RCMP seizures dropped after the tax cut, the seizures spiked after the tax hike. (RCMP tobacco seizures are a good measure of the overall size and activity on the black market.) The government's tax policy on tobacco caused more and

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A 2008 Tobacco Enforcement Strategy document by the RCMP states that, "when the tax rollbacks were impended, smuggling of tobacco disappeared almost overnight."

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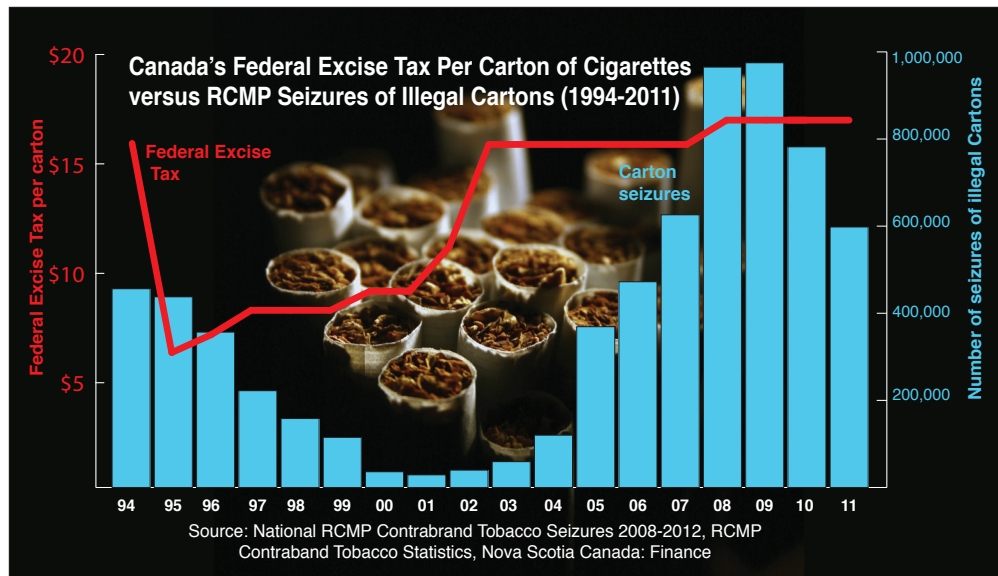


more smokers to resort to the black market for their tobacco habits.

## Black market wins, governments lose

Thanks to this growing preference for black market tobacco, legitimate manufacturers and retailers sustained a significant loss in sales, while governments lost the tax revenues from these illegal, tax-free sales. A 2008 report by Ontario's auditor general stated that, based on 1999 consumption levels, the tobacco tax revenues in the fiscal year 2006-07 should have been \$2.2 billion, rather than the \$1.2 billion actually collected. The CTF's Derek Fildebrandt also found that the provincial and federal governments forgo as much as \$1.1 billion per year in Ontario thanks to the overall contraband tobacco trade.

Excessively high tobacco tax-



es in Canada, coupled with lax enforcement on illegal activities originating on aboriginal reserves in Ontario, have resulted in a booming black market that funds criminal activity while taking away from government revenue.

Many politicians interpret lower than projected tobacco tax revenues as a sign that their policies are deterring people from smoking. Health Canada data on smoking rates in Canada show a downward trend line, as smoking has been on the decline for two decades. No correlation can be found between tax rates and smoking rates. Even when taxes went down, so too did smoking; when the taxes went back up, smoking rates continued to decline at the same constant rate. Smoking rates are declining thanks to more information and general knowledge about the health effects of tobacco, and have little to do with the tax rates.

While high taxes on tobacco will price some people out of the market, it is more likely that these people will simply go elsewhere to buy tobacco. A 2009 study by the *Nation-*

*al Coalition Against Contraband Tobacco* concluded that of the cigarette butts found and analyzed at 110 Ontario high schools, 30% were contraband. Similarly, at 75 high schools in Quebec, the study found that 45% of the cigarette butts analyzed were

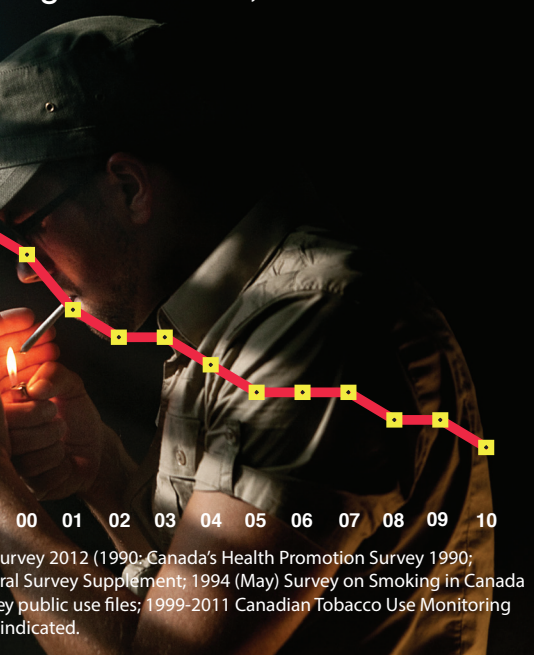
contraband. These examples show that contraband tobacco is easily accessible to under-age smokers, and the contraband market allows young people to circumvent laws intended to protect them.

The joint CTF-Reason report demonstrated the unintended consequences of tobacco taxes, specifically the relationship between tax

rates and the black market. Unfortunately, tobacco 'sin taxes' do not have the benefits sold by politicians – such as higher revenues and fewer smokers – but instead only drive more people to a black market run by criminals. **t**

Candice Malcolm is the CTF's Ontario Director and co-author of the CTF-Reason report "The Effects of Cigarette Tax Rates on Illicit Trade: Lessons Learned in Canada."

## ong Canadians, 1990-2010





# Digital downloads a taxing problem for government



by Gregory  
Thomas  
Federal Director

**S**uppose you walked into Walmart or Costco and saw a sign by the cash registers, proudly proclaiming: NO PST, HST OR GST! DO NOT PAY A PENNY IN TAX!

And suppose you went next door to Canadian Tire and there was no such sign on display. In fact, depending on whether you lived in Alberta, Ontario, or Nova Scotia, your Canadian Tire receipt would show an extra 5, 13 or 15% added to your bill.

And suppose you complained to the store manager. Suppose the store manager at Canadian Tire looked at you and said "sorry, that's just the way it is. American stores don't have to charge sales tax, but Canadian stores do."

By now, you're probably getting ready to turn the page, because you've decided you don't have time to read a stupid story about a stupid scenario under which Canadian governments would force Canadian businesses, but not American businesses, to collect sales tax.

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Instead of figuring out ways to force iTunes to collect sales tax, governments should nix all sales taxes on digital downloads.

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After all, what Canadian politicians, in their right minds, would force Canadian businesses to charge 5, 13, 15% more than their American-owned competitors for the same merchandise? The Canadians would all go out of business. People would be up in arms.

The fact is that when it comes to digital entertainment – movies, TV shows and music you download on the Internet or from your cable provider – this is exactly what is going on, today, in Canada.

Digital down-

loads are big business. Just about nobody goes to the video store any more to rent a movie on DVD. Apple's iTunes store sold more than \$16 billion US last year – up from \$9 billion in 2011.

When you get your music, an episode of *Breaking Bad*, or your movie from iTunes or Netflix, two of the biggest US providers, you pay no sales tax. If you download the identical movie or subscription from a Canadian provider – Rogers, Telus, Shaw, Bell, Videotron in Quebec – you pay through the nose: sales taxes from 5 to 15%.



As you might expect, this situation has come to the attention of the Canada Revenue Agency (CRA) and the federal Department of Finance.

And as you might expect, the revenueurs would like to get their hands on all that tax money Canadians aren't paying when they download entertainment from south of the border.

In the 2014 budget, his last, the late federal finance minister Jim Flaherty told the Commons there would be a 90-day consultation on thorny issues relating to the way Canada treats businesses operating offshore that do business with Canadians.

The deadline for submissions to the consultation was this past June. Those of us familiar with the ways of the Department of Finance and the CRA have reason to suspect that the government is looking for ways to collect tax from these offshore, mainly US, operations.

Fortunately for Canadians who enjoy their tax-free downloads, collecting tax from offshore businesses is tough: there are legal issues, issues relating to international tax treaties, and practical issues, such as tracking down the physical location and the ownership of a computer server in eastern Europe or south east Asia.

With these practical challenges in mind, the Canadian Taxpayers Federation weighed in on the consultation, submitting a paper to the finance department with a simple solution to the problem: don't tax Canadians either.

After all, why should a US company such as Netflix be able to sell Canadians a monthly subscription for TV and movie entertainment for \$8.99, when Canadian providers, in Ontario for example, are forced to

add \$1.17 in HST to the cost of an identically priced product?

As popular as Netflix is with Canadians – and the percentage of Canadian homes with a Netflix subscription has shot up from 6 to 25% in just two years – paying no tax is even more popular. Canadians love paying no tax, as evidenced by the flood of newcomers to provincial sales tax-free Alberta every year.

Letting Canadian businesses off the hook for collecting tax on digital entertainment is surprisingly pain-free for the federal government. Here's why: these taxes don't bring in much revenue anyway, what with so many of us choosing the tax-free alternatives from south of the border. In 2010, PST, HST and GST on books, movies and music totalled \$331 million. That may sound like a lot of money, but compared to the overall sales tax haul that year – roughly \$60 billion – it's a drop in the bucket. And that includes tax collected on physical books (printed on paper) CDs and DVDs – three products quickly becoming extinct.

The federal government likes to talk about its so-called consumer agenda – cracking down on the phone companies to get Canadians a better deal on mobile

Canadian businesses are forced to charge sales taxes on any digital downloads to their Canadian consumers, while their competitors based outside of Canada do not.

phones, cable and satellite TV, and land lines. But politicians are really talking out of both sides of their mouths when it comes to this issue. Back in 2010 – the most recent year for which we can get the numbers – governments collected \$2.5 billion in PST, GST and HST on digital downloads, cable and satellite bills, mobile phone bills and land lines. Consumers need to ask what value we're getting in return for those billions being added to all of those bills.

Some taxes are easier – and more fair – to collect than others. Liquor taxes, for example, are easier to collect than income taxes. A bridge toll is collected only from drivers who actually cross the bridge.

The danger with collecting taxes on digital entertainment, as well as phone, satellite and Internet services, is that Canadians are increasingly looking south of the border or overseas, and finding tax-free alternatives they can use.

Canadians already pay too much tax. Governments shouldn't be forcing taxpayers to shop south of the border or overseas. This unnecessary tax grab is simply sending Canadian jobs and prosperity to other countries. **t**





# Generation Screwed Summer

## Campaign update



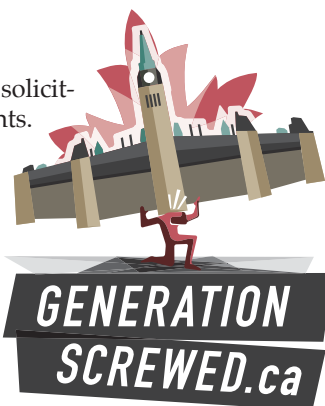
by Aaron Gunn  
Director of  
Special Projects

**G**eneration Screwed has wrapped up its first year on university campuses, and what a year it has been.

We have met and exceeded all of our goals and expectations. We had hoped to have 15 co-ordinators by the end of the year; we have more than 20. We had aimed to reach hundreds of students from across the country; we reached thousands. From

coast-to-coast we held events and solicited action from like-minded students.

The next edition of *The Taxpayer* will have a complete retrospective on the initiative's first year, so stayed tuned. For now, check out the winning entry from our student essay contest in addition to our 2014 co-ordinators of the Year!



## Student essay contest – 1st Place

### The Credit Card: By Renaud Brossard

**T**he credit card was thin, with a traditional design and embossed silver letters and numbers. Attached to it was a letter telling us that we could buy anything we wanted with it, without having to worry about payment for the next few years. It was good news for everyone: we could finally afford all the things we needed. As long as we kept paying on time, there would never be any problem. Thanks to the credit card, all those luxuries we could only dream of were finally available.

We bought every single thing we could imagine:

roads, airports, buildings, infrastructure of any kind, gas and jets, just to name a few. When we thought there were not enough jobs, we even paid for jobs with the credit card. It seemed like a good idea at the time. We even signed contracts to ensure every single one of us got a steady revenue, even after we stopped working. After all, why worry about payment when we can put everything on the credit card?

A few years down the road, our yearly bill got bigger and bigger, taking a larger and larger part of our salary. It went from costing only one cent per dollar, to two, then three and it kept rising year after year. As it took a larger part of our budget, some of us started to realise that only a smaller part of the budget could be used to cover our expenses, but we were not many. The credit card holders changed every four years, always promising to give us more and more services. Even though we did not need the services, we kept rooting for the ones who promised us more, instead of those who thought we should properly manage our budget.

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Renaud Brossard is currently a management student at the Université du Québec à Montréal where he is campus co-ordinator for the Generation Screwed campaign.

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We ended up spending more and more. Even though we got a few raises down the road, they could not even begin to cover our increase in expenses. But we didn't care: we could delay our payments again and again, as long as we kept paying the minimal fee imposed on us. Of course, over the years, that minimal fee went up exponentially, and every time we asked for a higher limit. We were living beyond our means and leaving future generations with the bill.

This story sums up where we currently are. As you probably guessed, the credit card represents Canadian government debt. Our parents' generation spent more than \$17,000 of each Canadian's future earnings – and that's not even counting the provincial debts! Even more dangerous are the unfunded program liabilities they left us. Those liabilities come from future projects the government has already committed to (such as pension plans), but has not set money aside for. By some estimates, this sum might even exceed one trillion dollars! That's one, followed by twelve zeroes!

As we are stuck with this debt, it is our generation's responsibility to ensure governments manage their budgets responsibly, if not for us, then for the sake of our children. Every penny we are forced to pay in interest fees can't be spent on services or, even better, left in our pockets.

## 2014 Co-ordinator of the Year



CTF President and CEO Troy Lanigan presents Carl-Olivier Rouleau with the 2014 Co-ordinator of the Year Award.


Generation Screwed is pleased to announce the 2014 Co-ordinator of the Year Award presented to the co-ordinator who demonstrates unparalleled commitment and dedication to our initiative and whose hard work has furthered the cause of balanced budgets and fiscal responsibility in Canada.

This year's award is shared between two recipients: Carl-Olivier Rouleau and Ian Merkley.

Ian was a CTF intern during the summer of 2013 and laid the groundwork for the Generation Screwed launch the following fall. He recruited an astounding 14 co-ordinators for the September kickoff, in addition to creating much of the initial content and branding material. Following his return to school, Ian continued with the Gen-

eration Screwed campaign as the campus co-ordinator for Laurier University as well as the Ontario regional co-ordinator.

Carl came to us shortly after we launched the initiative with a desire to set up the campaign in Quebec – no easy task. Carl proceeded to assist in translating our materials into French, setting up a separate French brand and website (Génération Trompée) and recruiting a fellow Quebec co-ordinator. This was all in addition to his roles as the campus coordinator for the Université de Montréal and the regional coordinator for Eastern Canada.

We would like to congratulate both Carl and Ian on their award and for helping make Generation Screwed's first year on campus as successful as it was. 



# Indigenous Independent by Joseph Quesnel

## Modern vs. historic treaties: a different quality of life



by Joseph Quesnel

**A**re all treaties created equal?

Apparently not, according to evidence from Aboriginal Affairs and Northern Development Canada (AANDC).

A 2013 AANDC study – *Community Well-Being and Treaties* – compares First Nations that are signatories to modern treaties to those which signed historic treaties with the Crown, such as the prairie provinces.

The study analyzed community well-being by using the Community Well-Being Index (CWB). The CWB emphasizes social and economic well-being by measur-

tended to have better outcomes.

The well-being of modern treaty First Nations improved twice as fast as historic treaty First Nations between 1981 and 2006.

Modern treaties, however, are certainly not perfect. In 2010, the Frontier Centre for Public Policy released a comprehensive study of the Nisga'a self-government treaty. The study involved a poll of the Nisga'a territory, asking residents how they felt the treaty had impacted their quality of governance and services. The study also involved in-depth interviews with important officials about how the treaty had impacted the Nisga'a territory.

The results were mixed.

The Nisga'a trusted their own First Nation government more

than others. They also felt that health and education services had improved. However, on the not-so-pleasant side, Nisga'a respondents felt that public consultation over important matters had declined since the treaty was ratified. They also felt that economic development in the Nass Valley had declined since the treaty's ratification.

Interviews with top officials also revealed interesting information. Several of these key informants revealed that old governance problems, such as family-style voting and nepotism, still existed on Nisga'a territories. Individual dependence on local governments also continued to be a problem. Clearly, old governance patterns die hard.

“First Nations which signed modern treaties instead of historic treaties tended to have better outcomes.”

ing the state of education, labour force activity, income and housing in a community. CWB scores range from 0 (lowest well-being) to 100 (highest), with each component being equally weighted in the overall score.

The study found that First Nations which signed modern treaties instead of historic treaties

### CWB scores of historic treaties

Treaty	Year	Prov/Terr	CWB
Williams Treaties/ Upper Canada Treaties	1764-1923	ON	69
Robinson-Huron	1850	ON	69
Douglas Treaties	1850-54	BC	65
Peace & Friendship Treaties	1725-79	NB/NS/PE	64
Treaty 11	1921	NT/YT/NU	62
Treaty 3	1873	ON/MB	59
Robinson-Superior	1850	ON	59
Treaty 9	1905	ON/MB	55
Treaty 8	1899	SK/AB/BC	54
Treaty 4	1874	MB/SK/AB	52
Treaty 7	1877	AB	50
Treaty 5	1875	ON/MB/SK	49
Treaty 1	1871	MB	49
Treaty 10	1906	SK/AB	49
Treaty 6	1876	SK/AB	47
Treaty 2	1871	MB/SK	46

# Indigenous & Independent

by Joseph Quesnel

“What is most positive is that some modern treaties offer freedom from the Indian Act.”

Although the Indian had been removed from the *Indian Act*, it was not as easy to remove the *Indian Act* from the Indian. It is critical that First Nations create effective institutions that emphasize accountability and transparency to succeed. The Harvard Project on American Indian Economic Development – a major research initiative to determine indigenous success – found that Native nations need to adopt stable decisions rules, establish fair and independent mechanisms for dispute resolution, and separate politics from day-to-day business and program management to succeed.

What is most positive is that some modern treaties offer freedom from the *Indian Act*. This provides the First Nation with a



degree of self-determination that many historic treaty First Nations do not possess. The Harvard Project revealed that sovereignty does indeed matter. According to the Harvard Project, “When Native nations make their own decisions about what development approaches to take, they consistently out-perform external decision makers on matters as diverse as governmental form, natural resource management, economic development, health care, and social service provision.”

Freedom from the *Indian Act*

matters.

Understanding precisely what is transpiring in all these First Nations was not as easy to figure out, however.

Consistently, scores are lowest among First Nations in the Prairies, most of which have historic treaties and none of which have modern ones. This makes it difficult to distinguish the effects of treaties from the effects of other regional factors, particularly since historic treaty First Nations outside of the Prairies do not seem disadvantaged.

Important regional implications are seen for First Nations in Prairie provinces that represented about 45% of all First Nation people in 2006.

Understanding the intrinsic importance of these unique treaties may help us understand why some areas are not doing as well as others. **t**

A Metis, Joseph Quesnel is the former editor of the Winnipeg-based Aboriginal newspaper *First Perspective* ([www.firstperspective.ca](http://www.firstperspective.ca)) and a regular contributor to the *Winnipeg Sun*. Presently, he works as policy analyst with the Frontier Centre for Public Policy in Lethbridge, AB. Joseph is a long-time advocate for limited government.

## CWB scores of modern treaties

Treaty	Year	Prov/Terr	CWB
Tsawwassen First Nation Agreement	2009	BC	89
Yukon Umbrella Agreement	1995-2005	YT	75
Sahtu Dene and Métis Agreement	1994	NWT	67
Nisga'a Agreement	2000	BC	65
James Bay and Northern Québec Agreement (Cree only)	1975	QC	65
Gwich'in Comprehensive Land Claim Agreement	1992	BC	64
Maa-nulth First Nation's Agreement	2005	BC	61
Tlcho	2005	BC	59
Northeastern Québec Agreement	1978	QC	54



Caledonia

# Victory in the No-Go Zone

## Winning the Fight Against Two-Tier Policing

by Gary McHale

**A**s I was writing this book in the spring of 2013, I was branded a “racist” and “white supremacist” by natives, the media and the Ontario Provincial Police (OPP). I have been cursed and assaulted several times. I have received death threats. I have been beaten in the presence of OPP officers, and have been taken to the hospital.

I have been illegally arrested nine times and have been charged during three of those arrests, yet not a single case has made it to trial. I was once prosecuted for 30 months before the Crown stayed the charge. I have been sued by the OPP to the tune of \$7.1 million for making public statements which accused them of disobeying their oath of office. However, in the end, the court ordered then-OPP Commissioner Julian Fantino, Deputy Commissioner Chris Lewis and Supt. Ron Gentle to face criminal charges for their actions against me.

This book is about the battle to expose corruption in the OPP and political establishment and what ordinary citizens did – and are still doing – to restore some degree of law and order. It is a real life story about facing and fighting against the unlimited resources of the state while it protects institutional racism, and for which Caledonians have suffered real injustice.

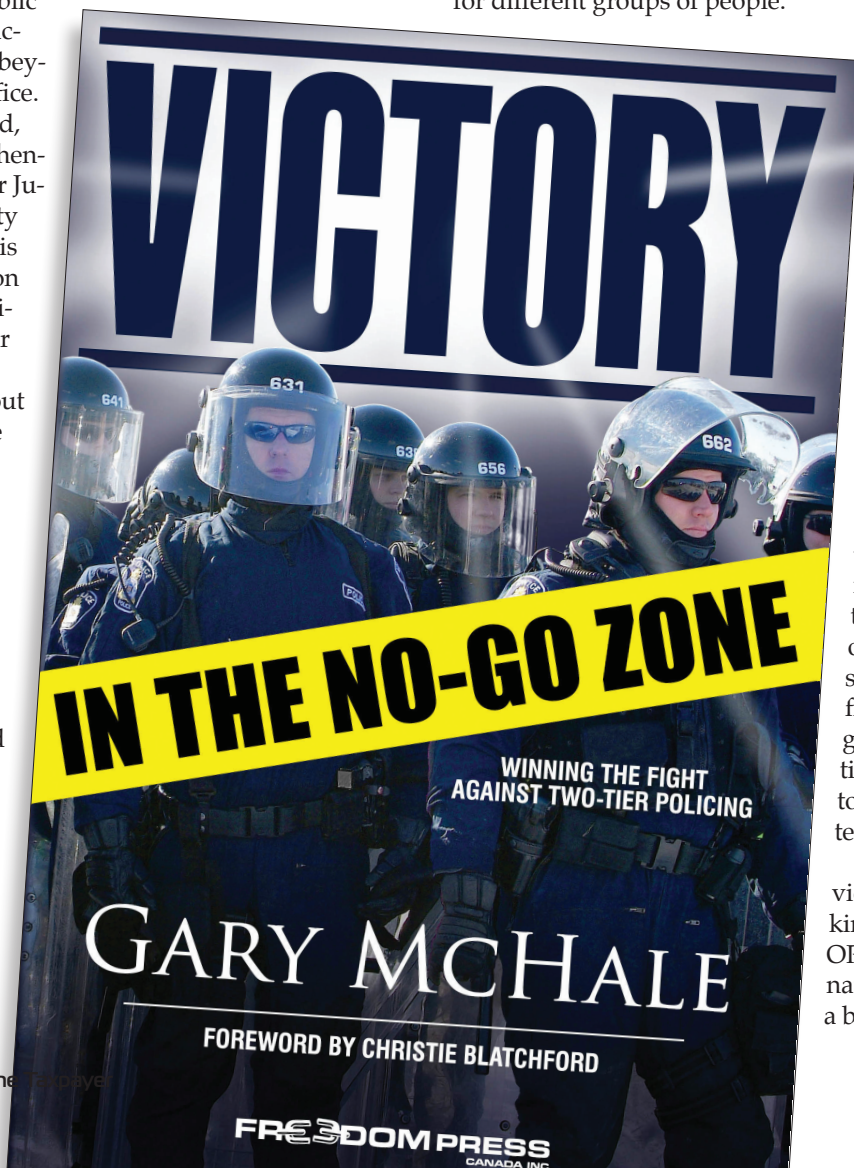
I don’t sugar-coat the reality of just how far our leaders twisted our system of justice. I name the police officers and Crown lawyers who played a role in the corruption of our state, and I provide the hard evidence so that readers can see the depth to which racism has become institutionalized in Canada’s political establishment.

We should be outraged by the complete abandonment of the principle of equality under the law. Canadians must wake up and realize before it is too late that it is ordinary Canadians who pay the price when our leaders allow – and even encourage – the corruption of justice by allowing and promoting different sets of laws for different groups of people.”

There is little doubt that, while Julian Fantino was commissioner, the OPP forcibly suppressed the rights of residents and business owners in Haldimand County because of their race.

The OPP threatened the building industry, various trades, local shops, etc., with arrest if they exercised their rights to protect themselves and/or their property. In some cases OPP officers themselves engaged in criminal activity while trying to help Native protesters.

In 2007, CANACE videographer Jeff Parkinson filmed two OPP officers helping native protesters erect a barricade in Hagers-



ville to keep the legal owner off his property. This prompted our first use of Canada's private prosecution provisions, and, after a two-year legal battle, Superior Court Justice David Marshall ordered the two officers charged with mischief.

Engaging in criminality, refusing to enforce the law, denying the legal merit of the land titles deed system, targeting non-natives to be silenced: this was the OPP's approach to policing in Haldimand County.

In service of that illegal policing, Fantino tried to control the public message, curtailed free speech, threatened elected officials, smeared ordinary citizens who dared to speak out, covered for natives when they committed crimes, and misled the



Flicker/Ralph Keijn

Julian Fantino

“There is little doubt that, while Julian Fantino was commissioner, the OPP forcibly suppressed the rights of residents and business owners in Haldimand County because of their race.”

courts regarding the seriousness of the protesters' criminal behaviour. In all this, he was supported by his boss, Premier Dalton McGuinty. **t**

## About Gary McHale and CANACE

In 1986, the commission on legal reform in Canada declared that private prosecution was the last line of defence for democracy. As a result, in 2002 Parliament amended the criminal code to strengthen the rights of individual citizens to make arrests and prosecute cases. When police and government agents refuse to uphold the fundamental principles of our democracy then we, the people, must step forward and pay the price for Freedom. CANACE (Canadian Advocates for Charter Equality) was started to ensure all citizens' rights are respected by the police and government. CANACE is currently creating training courses on private prosecutions and citizen's arrest and will be offering these courses to the public later this year.

**How to buy the book**  
Order from [FreedomPress.ca](http://FreedomPress.ca)  
or on-line from Chapters or Amazon.

## Endorsements for Victory in the No-Go Zone

*“Canadians believe that racism, supported by the law, is a legacy of the South – the American South and South Africa. That’s history. But the ugliness of institutional racism, supported by the police and the provincial government, is alive and thriving in southern Ontario. How much longer will we accept ugly racism staining this nation? The story of Caledonia is one that has been ignored by most of the media, to their shame. This story will anger you and it should provoke you to action.”*

Jerry Agar, show host on NewsTalk1010 Toronto

*“Caledonia will forever remain an icon of shame in the annals of Canadian justice. This book takes us behind the scenes, providing step-by-step insight into OPP operations, as they and their political masters consciously chose political correctness over the rule of law and the security of Canadian citizens. Gary McHale is the only player in this long, sordid drama to emerge with honour. He is a Canadian hero.”*

Barbara Kay, columnist for National Post and Postmedia Network



Wikipedia/Mike McGregor

Caledonia protest



# You? asked for it

**Rick Fisher of Burnaby, BC, asks: I've heard the *Income Tax Act* is now longer than the Bible, is that true?"**

**Jeff Bowes, Research Director answers:**



by Jeff  
Bowes  
Research Director

**T**hanks for the question Rick. There are 593,493 words in the Old Testament and 181,253 words in the New Testament for a total of 774,746 words in the Bible.

As for pages in the Bible, that's not something we can put a number on, as depending on who printed it, a Bible can range from 700 pages to 2,700 pages.

In 1917, the government of Sir Robert Borden introduced the *War Income Tax Act*. During the war, Canadian debt reached an unprecedented \$2.4 billion (that's more than \$35 billion in 2014 dollars). In order to finance that, Parliament imposed a 'temporary tax' on Canadians' incomes. As Milton Friedman was fond of saying, "nothing is so permanent as a temporary government program."

The *War Income Tax Act* of 1917 was only 11 pages, detailing the income brackets and rates along with how the money would be collected. No boutique tax credits and no office buildings filled with tax collectors.

Over the next 97 years, the tax code has

grown and grown. In 1948, the modern *Income Tax Act* was introduced; it was 88 pages. By 1962, the page count was 405.

Canadians got fed up with the complexity, and demanded reform. In 1971 after a Royal Commission was struck and extensive public consultation, Pierre Trudeau's government introduced tax 'reform.' In reality, one unnecessarily complex tax system was replaced with another. That was the last major reform of

the tax system.

But it wasn't the last amendment. In fact, since 2006, the Harper government has amended the act 23 times. They have introduced dozens of boutique tax credits, and in the process added 631 new pages – 220,536 more words – to the act.

Budget 2014 continues this trend. Bill C-31, the 362-page budget implementation act, amended the *Income Tax Act* with 12 changes. None will make the act any simpler.

Today the *Income Tax Act* is 3,206 pages or 1,038,162 words long. So, yes Rick, Canada's *Income Tax Act* is indeed longer than the Bible – and by a fair margin too.

It's estimated that an average reader can get through 300 words per minute. You would have to sit down for 57 hours and 41 minutes of non-stop reading to get through that behemoth. We at the CTF advise that you do not try this at home.

Admittedly, the world is more complicated now, but today's act is 291 times longer than it was in 1917.

In fact, the tax *form* today is longer than the original act. Canadians employ thousands of tax accountants and lawyers just



Former Manitoba director Adrienne Batra with the original 1917 *Income Tax Act* and the 2007 version.

to figure out what they owe the government. Collecting tax is complicated for the government too. The Canada Revenue Agency has a \$4.3-billion budget and 41,000 staff – roughly double the head count of the Royal Canadian Navy.

We at the CTF have been advocating on behalf of our supporters, and all Canadians, who believe in a tax system that is easy to understand: a tax return that could be done on a single sheet of paper and does not require every Canadian to own a filing cabinet for receipts. More brackets and rates, credits and deductions do not make for a better tax system for anyone but bureaucrats, lawyers, and tax accountants.

Most Canadians see the benefits of the tax system; it pays for health care, education, and roads. But, Canadians also need to realize that there are costs to having the kind of tax system we have. All those accountants, lawyers and bureaucrats are helping the government collect and redistribute wealth rather than creating it. Those skilled professionals could be doing something else, something that benefits Canadians rather than administering an unnecessarily complex tax system.

The Fraser Institute estimated that in 2011 the compliance cost of the tax system was nearly \$7 billion. That leaves a lot of room for improved efficiency.

## The CTF has called for a reduction in the number of tax brackets from four to two, a removal of many of the deductions and reduction in the personal income tax rates.

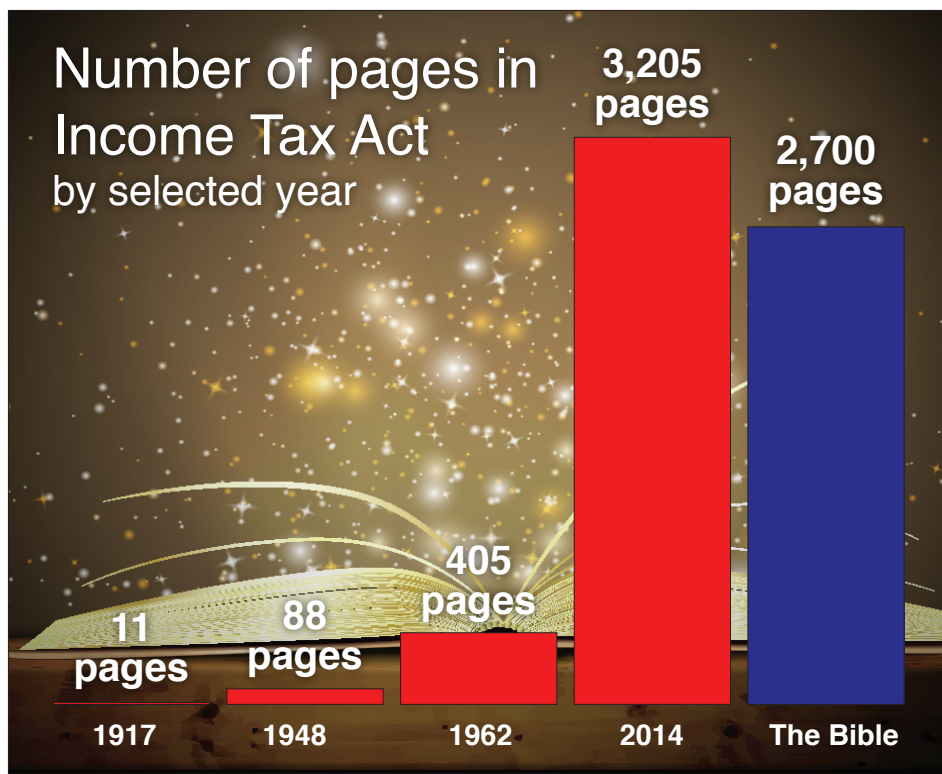
Back in 2008, before recent massive deficits began, the CTF released a study urging the government to enact a multi-year tax reform plan. It called on Ottawa to reduce personal income taxes, cut the number of tax brackets from four to two, and drastically reduce the number of tax deductions and credits. It would maintain a few deductions such as RRSP, spousal and child allowances. By lowering the income tax burden and simplifying the tax code like this, we could strengthen the Canadian

an economy. Now that the deficit is nearly back under control, it's time for serious tax reform.

This article is around 860 words. Anyone crazy enough to

read the *Income Tax Act* would have to read the equivalent of 1,200 of these articles. Oh, and we nearly forgot to mention: there are an additional 1,619 pages of regulations that explain the implementation of the act itself. But we repeat, we do not advise that you try this at home. **t**

Want the CTF to tackle your question? Ask for it by e-mail at: [research@taxpayer.com](mailto:research@taxpayer.com)





## British Columbia

# BC teachers gnawing on the hand that feeds them

Keystone XL pipeline, which would connect Alberta to the Gulf of Mexico – and never



by Jordan Bateman  
BC Director

**B**ritish Columbians in June received a crash course in government-union relations as the BC Teachers Federation (BCTF) went on strike for more

money, more benefits, more jobs and more educational assistants. The provincial government, as of press time, was holding firm, but the feud between the two sides really flows from the BCTF's ongoing and bitter fight against economic growth in BC.

Inexplicably and wildly overstepping its bounds as a union meant to represent the interests of teachers at the bargaining table, the BCTF has come out against virtually every significant economic development project proposed over the past few years.

The BCTF passed a motion condemning the Northern Gateway Pipeline, which would generate \$1.2 billion for taxpayers over its

first three decades in operation. How could that possibly serve the interests of its members, who want higher wages and smaller classes – things that revenue could help address?

The teachers' union rejected the Prosperity Mine in the Chilcotin, which would have generated \$5.52 billion in new tax revenue for the province, plus another \$4.3 billion for the federal government.

The union opposed the Kinder Morgan pipeline proposal, months before any plan had been released.

The BCTF led the fight against the Harmonized Sales Tax which, whether you voted for it or not, did generate \$1.6 billion in federal funds for the provincial treasury.

The BC teachers' union is also fighting the

er comes near BC. What does Keystone have to do with BC classrooms or teachers?

The BCTF flag flew high at an anti-fracking rally in Vancouver in May – yes, the union opposes the fledgling liquefied natural gas industry too.

A few years ago, the BCTF joined Occupy Vancouver, protesting against the same wealth-generating corporations in which their teachers' pensions are heavily invested: TD Bank (\$155.7 million in pension investments), ScotiaBank (\$124.3m), RBC (\$166.7m), Bank of Montreal (\$75.2m) and Bell Canada (\$61.2m).

The BCTF opposed the Canada-Chi-

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BCTF opposes the Northern Gateway Pipeline that would generate \$1.2 billion in revenues for taxpayers, and then demands higher wages and smaller classrooms.

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# British Columbia

na Foreign Investment Promotion and Protection Agreement, with no thought given to the \$140 million its own pension corporation has invested in Chinese state-controlled companies.

Despite actively opposing all of these economic drivers, the BCTF still cries poor, noting teachers start here with a salary of \$49,410, way behind Alberta's \$58,500.

Alberta teachers get paid more for a simple reason: that province has aggressively pursued economic growth and can afford more. The oil sands, the single-rate tax and other economy boosters generate billions that flow into the provincial treasury, making it possible for Albertans to pay their teachers more – while their taxpayers shell out \$50 per week less than identical British Columbians.

Alberta teachers have benefited from their province's economic growth, so it's probably no surprise the Alberta Teachers' Association isn't out campaigning against Northern Gateway or Keystone.

When the CTF published an op-ed on these economic stories, the post went viral – thousands of 'shares' on Facebook, hundreds of comments and tweets. It landed the CTF on radio in Vancouver, Victoria, Kamloops, Kelowna and Surrey. And, amazingly, many BCTF supporters revealed themselves as being anti-capitalism – and even insulted the children they claimed to be advocating for.

"Teachers should be paid more than oil execs by the government," wrote one BCTF apologist on Facebook. "Teachers take this job because they love teaching, not so they can get rich. They can't, and they know that when they CHOOSE to teach your self entitled little brat arithmetic."

"The real agenda comes out," raged another. "Jealousy because working people organized to ad-

vocate for themselves. People losing at the capitalistic crap tables blaming the casino workers."

"The public sector and public sector employees are not the problem. Trickle down b.s. economics propagated by propaganda mills like the Canadian Taxpayers Federation IS the problem."

"We don't oppose economic growth we just are opposed to

sucking the good from our sacred capital in the name of money," tweeted one teacher.

"If teachers want a raise, they should develop an ideology closer to the government's? What is this? China?" added another BCTF supporter.

Yes, ladies and gentlemen, these are some of the people spending seven hours a day in classrooms educating our children. **t**

## CTF BC fundraiser a rousing success

In June, the BC office of the Canadian Taxpayers Federation hosted its third annual fundraiser at Redwoods Golf Club in Langley. More than 100 people attended to hear President and CEO Troy Lanigan, BC Director Jordan Bateman, and Generation Screwed Director Aaron Gunn talk about the CTF's work in BC.

CTF mascot Porky the Waste Hater also made a rare BC appearance, meeting and greeting supporters and hamming it up for photos.

"Does our work matter? The answer, this year, I am pleased to report to you our supporters, is unequivocally yes," Bateman told attendees in his speech. "I know taxpayers are better off for having us around to fiercely guard their interests, sinking our teeth into issues and politicians who put themselves first. I'm proud of this organization and our contribution to BC – and we couldn't do it without you."

**TOP:** Generation Screwed's Aaron Gunn shares his vision for the campus movement.

**MIDDLE:** Jordan Bateman and Porky ham it up while welcoming the crowd to the CTF fundraiser.

**BOTTOM:** Porky poses with CTF supporters.







# ALBERTA

## MLAs pledge to **‘STOP the Debt’**



by **Derek  
Fildebrandt**  
Alberta Director

**W**hen then-premier Alison

Redford promised during the 2012 election to balance the budget, many Albertans took her at her word. She didn't bother mentioning that the way she would "balance" the budget would be to change the legal definition of a "balanced budget."

Two years later, Alberta is running its seventh consecutive deficit, has spent most of the \$15-billion Sustainability Fund and is \$10 billion in debt. That debt load will grow to \$21 billion by 2016, at which point taxpayers will underwrite \$1.4 billion a year in interest payments.

Unclear accounting, continued deficits and a skyrocketing debt followed Redford's verbal commitment in 2012. At best: a massive misunderstanding between the premier and the public. At worst: a lie.

That's why the Canadian Taxpayers Federation launched the Stop the Debt campaign on July 14. We travelled more than 2,700 kilometres to 24 communities across the province with our infamous Debt Clock in tow to raise awareness about the mounting debt load, but also to get written commitments from MLAs to do something about it.

On the 10-year anniversary of Ralph Klein holding his famous "Paid in Full" sign over his head at the McDougall Centre in Calgary, we invited MLAs from all parties to stand at that same place and


sign the *Balanced Budget and Debt-Free Alberta Pledge*. The pledge commits MLAs to:

1. Return Alberta to straightforward and honest, consolidated budget reporting that represents the balance of total expenditures and total revenues;
2. Stop the Debt Clock and the practice of debt financing (outside of emergencies); and
3. Once the budget is balanced, legislate a debt-retirement schedule, or direct a dedicated portion of annual surpluses towards reducing the debt to zero.

When then-premier Redford promised to balance the budget in 2012, all she did was change the definition.

Wildrose finance critic Rob Anderson and Liberal finance critic Kent Hehr both signed for their parties.

While you might be surprised to see the Liberals signing on, they have committed to balancing Alberta's budget, albeit with a program of tax hikes that the CTF finds disagreeable in the extreme. The pledge, however, focuses on the end goal – balanced budgets –



### Balanced Budget and Debt-Free Alberta Pledge

Alberta's debt stands at \$10 billion and will grow to \$21 billion by 2016-17. The province has of the Sustainability Fund and is on track to increase the debt by another \$4.7 billion this

I, \_\_\_\_\_,

On the \_\_\_\_\_ day of \_\_\_\_\_, 2014

Pledge that if elected, I shall:

1. Return Alberta to straightforward and honest, consolidated budget reporting that represents the balance of total total revenues;
2. Stop the Debt Clock and the practice of debt financing outside of emergencies; and
3. Once the budget is balanced, legislate a debt-retirement schedule, or direct a dedicated portion of annual surpluses nating the debt to zero.

Signed by \_\_\_\_\_

Witnessed by \_\_\_\_\_

not how we get there. (We'll work on convincing the Liberals of the error of their taxing ways another day.)

As we took the Debt Clock on its road trip, we obtained the signatures of 14 Wildrose MLAs (82% of caucus), including Wildrose Leader Danielle Smith, and three Liberal MLAs (60% of caucus), including Liberal Leader Raj Sherman. Former Progressive Conservative (now independent) MLA Len Webber also signed. We were disappointed that we could not find a single current PC MLA – the party of debt slayer Ralph Klein – willing to sign it. We will keep trying.

Hundreds of regular Albertans (many of whom are CTF contributors) also signed petitions to Stop the Debt. Those of you who joined us at one of the 24 stops saw for yourself the huge clock ticking upwards at \$541,324 per hour,



The Alberta Debt Clock at a farmer's market in Red Deer as part of a province-wide Debt Clock tour in July.

almost \$13 million per day and \$4.7 billion per year.

Some Albertans even made unsolicited donations to our campaign as we came through their towns. The most common thing that people told us when they made a contribution was that "this is for our grandchildren."

In the end, the campaign managed to get a majority of MLAs in the two largest opposition parties to make a concrete commitment to fiscal responsibility – despite their philosophical differences – and to raise awareness about Alberta's debt. We think the government is feeling the heat.

## PC leadership candidates fuzzy on balanced budgets

You'd think it would be easy, from candidates seeking to lead the party of Ralph Klein, to get firm commitments to balance the budget. But you'd be wrong.

The CTF asked all three PC leadership candidates to sign the *Balanced Budget and Debt-Free Alberta Pledge*. At press time, all three have refused. Ric McIver deserves some credit for at least considering it, though in the end he declined. Both Thomas Lukaszuk and Jim Prentice declined to sign. Lukaszuk has promised to borrow with a vengeance.

McIver's verbal balanced budget commitments have generally promised to continue borrowing and going into debt, but

at a slower rate. He has also promised clearer budget reporting, but without much detail about what that means.

Prentice has promised only to balance the operational budget, but not the consolidated budget (total spending versus total revenues). This is the same as Redford's modified definition of a "balanced budget." In short, it isn't one.

Prentice has also promised to cap the debt, at some point in the future, the amount of which will be determined after he is elected premier: a vague promise if there ever was one. Even if Prentice put more meat on the bones of this promise, it would be meaningless. The US Congress has broken and raised its own debt cap 20 times over the last 20 years. There is little reason to believe that Alberta's politicians would behave any better.

The CTF may dust off the Debt Clock at some point this summer and pay the three leadership candidates a visit. After seven years of deficits, it's time for a little clarity from our leaders about how they intend to get the budget back under control. **t**

At press time, all three PC leadership candidates have refused to sign the CTF's balanced budget pledge.

spent most  
year alone.

expenditures and

ses towards elimi-





by Colin Craig  
Prairie Director

**A** while ago 'a little bird' told the Canadian Taxpayers Federation about a \$100-million renovation

project at SaskPower. The tip was surprising as we hadn't seen anything in the news or heard anything about the project.

We filed an information request with SaskPower, waited and eventually came up empty handed. The crown corporation acknowledged that approximately \$6 million had been spent over a couple years in the past, but nowhere near \$100 million.

"No, it's there. That's what I was told," our source confirmed with confidence when we told them what SaskPower indicated. We then went back to the drawing board and tried asking for the details by rephrasing our information request. Well, after a bit of dialogue with the Crown corporation – voila! Out popped a formal response

## '\$142 million is no news' at SaskPower HQ

from SaskPower that admitted it indeed has some big plans.

According to SaskPower, it expects to spend \$142.6 million fixing up its headquarters in Regina. How necessary the upgrades are isn't clear at this point. After all, we haven't located any media discussion or legislative debates on the matter yet. The project still seems to be flying below the radar.

The only public mention

we've seen on the project (as of press time) is a short mention in SaskPower's 130-

page 2013 annual report. The document noted – "In 2013, refurbishment of our company's 50-year-old head office also began." That's it.

We have followed up with SaskPower to ask for a breakdown of the \$142-million plan. After all, big government projects have burned taxpayers many times in the past.

At this point we're not suggesting the project is a waste of money or anything like that... we just think it's worth a bit more scrutiny than it has received so far.

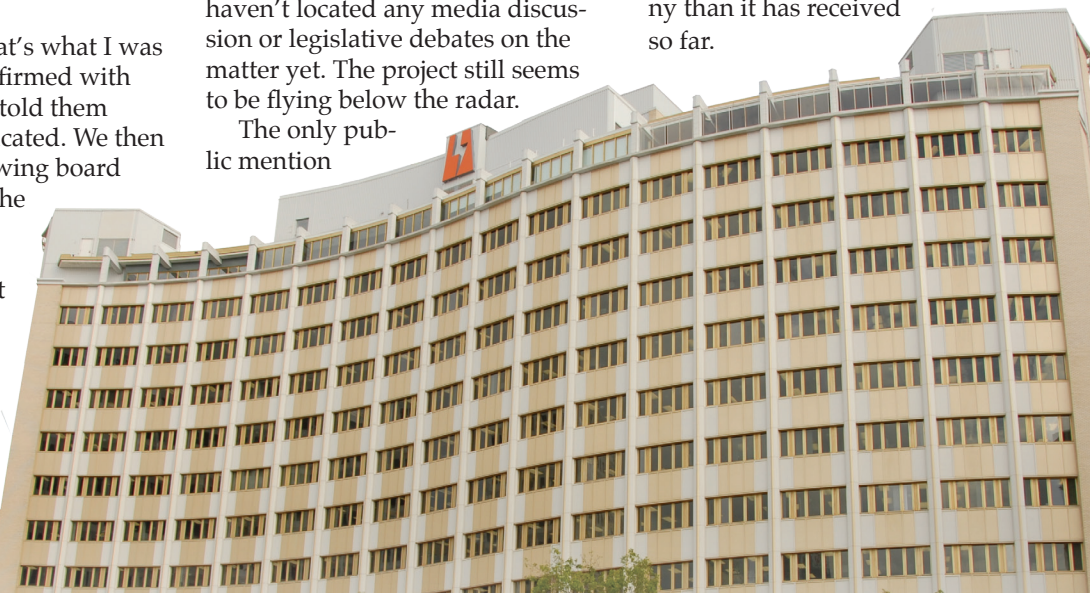


Photo Flickr/SaskPower

## Starbucks secret not so scandalous

**I**n the Spring 2013 issue of *The Taxpayer* we told you about our battle with the Saskatoon Health Region (SHR).

In short, we asked SHR how much it made or lost each year by running its Starbucks franchise. SHR opened the franchise at the Royal University Hospital in 2004, so we thought we would see how it was doing. After all, hospitals in many parts of the country had dis-

closed significant losses from running Tim Hortons franchises, cafeterias and other restaurants. Something about paying people \$25 an hour to pour coffee and butter sandwiches doesn't seem to work.

SHR refused to tell us. Together with Starbucks, they fought our complaint to Saskatchewan's Information Commissioner even though we weren't after sensitive information such as the cost of cof-

fee beans or secret recipes. Again, we just wanted to know if taxpayers were subsidizing losses or benefiting from a profit.

When it was all said and done we won the battle and got our hands on the data. Fortunately for Saskatchewan taxpayers, the government-run Starbucks actually makes a small profit most years. Time to celebrate with a caramel frappuccino grande?



## Copying Williamson bill would be simply Devine

This spring, we held a press conference to encourage Premier Brad Wall's government to copy a good bill that's being debated in Ottawa.

We called on the premier to copy a bill put forward by Member of Parliament John Williamson, former CTF Federal Director. If passed, Williamson's private member's bill would strip politicians convicted of such serious crimes as fraud, breach of trust, etc. of the taxpayer-funded portion of their pensions.

The bill is a no-brainer. Plain and simple, if a politician goes to work and spends his or her time thinking of ways to grease their own pockets, not only should they lose their jobs, they should lose funds taxpayers have paid into their pensions.

**Contact:**  
**Premier Brad Wall**  
[premier@gov.sk.ca](mailto:premier@gov.sk.ca)  
306-787-9433

If you like the idea of bringing the bill to Saskatchewan, why not tell your MLA as well as the premier? If anyone suggests to you

that the bill isn't necessary, just say three words: "Grant Devine government." **t**



Prairie Director Colin Craig at Regina news conference calling for politicians convicted of crimes to have the government portion of their pensions revoked.

## Unhealthy pension costs

Back in 2006, the government – or rather, taxpayers – put \$76.1 million into the pension plan that covers most health care employees in the province; the Saskatchewan Healthcare Employees' Pension Plan (SHEPP).

By 2013, just seven years later, the annual bill paid by taxpayers had ballooned to \$147.4 million, a whopping 94% increase. The huge increase in costs came about after the plan ran into serious financial difficulties a few years ago. As a result, both the government and employees began putting more money into the fund each year.

Talk about a nice perk – who wouldn't want someone to bail out your RRSPs or other investments if they ran into trouble? Obviously such a perk is non-existent in the private sector. Many people working outside government – who had planned on retiring in 2008 – had to keep on working once the markets crashed.

But not only did taxpayers bail out the government employee pension plan, they also paid for large

pay increases to the same employees. Remember the 35% pay increase for nurses (over four years) that was announced back in 2008?

Make note of these numbers the next time someone muses about raising taxes in Saskatchewan.

### Pension Contributions (SHEPP)

Year	Taxpayers put in (million \$)	Employees put in (million \$)
2006	\$76.1	\$67.9
2007	\$78.4	\$70.0
2008	\$84.5	\$75.4
2009	\$100.7	\$89.9
2010	\$116.1	\$103.7
2011	\$144.3	\$128.8
2012	\$144.2	\$128.7
2013	\$147.4	\$131.6

Source: SHEPP Annual Reports





# A CTF victory: Moving high earners out of social housing



by **Colin  
Craig**  
Prairie Director

**I**n September 2013, the Canadian Taxpayers Federation revealed that there were some high-income earners living in subsidized housing in Manitoba. Provincial data showed there were more than 140 households with incomes of \$50,000 or more living in social housing.

In fact, the data showed two households had incomes between \$130,000 and \$160,000.

When we released the data, our goal was not to embarrass the government, but to get it to investigate the situation and take action.

Fortunately, Premier Greg Selinger's government followed up on our concerns. In June, we received details of its investigation. Here are a few noteworthy conclusions:

- There were slightly more high-income earners in social housing than the numbers originally provided to the CTF.
- One tenant lived alone, had an annual income of \$153,000 and only paid \$370 per month in rent.



- An extra \$122,064 to \$316,975 could be raised in revenues each year by charging the proper amount to high-income households that were paying too little.

- The government will begin charging the highest income earners 10% more than the cost of comparable housing in the private sector. This will be done to encourage those tenants to leave social housing.

The government maintains it can't force high-income earners out of social housing due to the *Residential Tenancies Act*. While we encourage the government to change the law (just as it does with so many other laws), it is positive that the government will raise rates to deter high-income earners from continuing to live in social housing.

By bringing this issue to light, the CTF has helped the government raise legitimate revenues and free up space for true low-income people. In the grand scheme of government spending we're not talking a lot of money... but we've shown once again that there's an organization watching what's going on. It's a small victory, but we'll take it.

One tenant was earning  
\$153,000 annually and only  
paying \$370  
per month  
in rent.

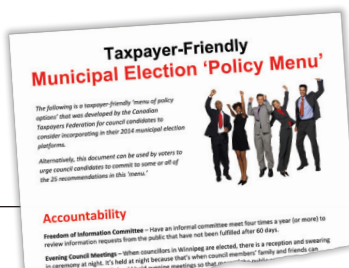
## Tasty 'policy menu' released

In June, the CTF released a 'policy menu' for candidates and voters to review before municipal elections this fall. The menu includes a bunch of policy ideas that candidates can consider including in their platforms. From money-saving initiatives to improving accountability and transparency, there's something in the document

for politicians across the political spectrum.

Voters might also find the 'menu' helpful. Anyone can take a look at the document – it's posted at [Taxpayer.com](http://Taxpayer.com) – and figure out which ideas

they like. Voters can then ask candidates whether they support the policies. Needless to say, if candidates are pressed by several voters to support a particular policy, they'll be more inclined to agree to such a commitment.



## Hydro springs a leak...to us

**T**his spring, the CTF released a leaked Manitoba Hydro audit document that 'a little bird' provided us. The audit looked at just \$5.5 million of the \$251 million spent by Hydro on negotiations and "process costs" with northern aboriginal reserves.


The CTF has been urging the government to disclose all the details of the \$251 million for years. Incredibly, Hydro has refused to release a single receipt for the quarter-billion dollars in expenses and the provincial government has let Hydro get away with it.

While Hydro maintains all is well, its own audit document concluded otherwise:

- "Mileage claims that did not match amounts paid to staff"
- "\$78,500 to \$108,000 estimate of overpayment of airfares"
- "\$250,000 Keeyask advance" – staff are working to "reach agreement on reconciliation or repayment of the \$250,000 Keeyask advance."
- "5 other non-compliant items with estimated value between \$29,995 and \$105,495"
- "Inability to fully reconcile advances (missing back-up)"

- "Lack of response to questions and requests for additional backup in a timely fashion (resulting in amounts deducted from claims)."

The findings won't surprise anyone following this issue. After all, the CTF released a leaked audit document last year from Tataskeweyak Cree Nation, which also raised serious concerns. Clearly, we're on the right track.



Why did mileage claims not match amount paid staff?

## Damning city hall audits in Winnipeg

**T**wo more damning audits were released at city hall in Winnipeg this past July, one on real estate transactions, the other

on the new police headquarters.

Readers may remember a story in the Spring issue of *The Taxpayer* describing how the CTF worked

with labour to push council for an audit into the \$75 million in cost overruns for the new police headquarters. A previous vote for an audit had been defeated 9-7. Our efforts helped a subsequent vote pass 15-1.

The audits revealed such troubling practices as large dollar contracts not being tendered properly, a firm receiving information ahead of competitors and information not flowing to council. However, it was great to see audit report pages filled with recommendations on how to improve city processes to avoid such mistakes in the future. Time will tell how serious council is about cracking the whip on the administration to implement and adhere to such policies. **t**

### Pension bailouts costly

**G**overnment employee pensions can be a complicated matter, so here is the problem in a nutshell.

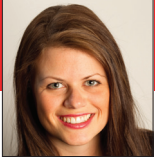
The provincial plans for teachers and provincial civil servants ran into financial challenges a few years ago. In order to provide guaranteed payments to employees, the employees and governments both started putting in more and more money each year.

In 2011-12, the government (i.e. taxpayers) contributed a combined \$137 million to the two plans. By 2014-15 that number had climbed to \$187 million. That's a 36% increase in just three years, on top of pay increases. Ouch.





# Bankrupting Ontario campaign HITS ELECTION WALL



by Candice  
Malcolm  
Ontario Director

**T**he Canadian Taxpayers Federation this spring launched a campaign to raise awareness about Ontario's debt and the consequences for future taxpayers.

The Bankrupting Ontario campaign – made possible by generous donations from Ontario CTF supporters – featured three advertisements which were splashed across Finance Minister Charles Sousa's riding of Mississauga-South, known as one of the ridings the Liberals won in 2011 by cancelling the gas plants, at a cost of \$1.1 billion. The Bankrupting Ontario campaign featured billboard and bus stop ads, a coordinated social media blitz and

'earned media' including radio, television, and newspaper interviews.

Unfortunately, our campaign was cut short thanks to the sudden election call and third-party gag laws in Ontario that prevent the CTF from advertising during the election. Regardless, our campaign raised a few eyebrows and got many people talking about Ontario's significant debt burden, and the real legacy of big government.



## 10 Facts About Ontario Debt

1. As of June 2014, Ontario owes \$271.6 billion in provincial debt. That boils down to \$20,116 for every man, woman & child in Ontario.
2. Our debt increases by \$396 every second and \$23,783 every minute.
3. Interest on the debt is the 3rd largest and fastest growing expense in the budget.
4. In 2014, taxpayers will pay \$11 billion in interest on the provincial debt.
5. Ontario borrows more than any state or provincial level government in the world.
6. Ontario's 2014 deficit is 25% higher than the government projected.
7. Ontario has run seven consecutive deficits.
8. We have not made a payment towards the principal of the debt since 2001.
9. Ontario's debt has more than doubled since the Liberals were first elected in 2003.

**Today's debt becomes tomorrow's taxes!**

## Credit agencies

# on ALERT!

**T**he Wynne Liberals managed to win a majority election in Ontario, thanks in part to a central campaign promise of "no cuts" to the provincial government. Instead, they pledged to continue to borrow and spend.

The government claims it will balance the budget in just two years, but the details are sparse and the plan lacks credibility. How exactly can you balance a budget while allowing spending to soar and making simultaneous pledges of no cuts, and no new taxes on the middle class? That is why, immediately following the election, Moody's Investors Service lowered Ontario's credit rating outlook from stable to negative. Moody's cited a lack of confidence in the government's ability to meet its fiscal targets as cause for concern.

If only the Wynne government listened to its critics.

# Aviation fuel tax hike great news... for Buffalo

It is no wonder that an estimated five million Canadians cross the border each year to fly out of smaller airports in the US. Consider an Ontario family going on vacation

to Disney World. A typical ticket from Toronto to Orlando is \$208 per person, or \$832 for a family of four. If that family were to drive south and fly from Buffalo – just 120 kilometres from Pearson – ticket prices drop to \$144 per person, totalling \$576 for the family. That is 30% less.

You may think the cheaper price is because US airlines are more competitive, but this is not the case from a small airport such as Buffalo. The base price from Buffalo is \$124, compared to \$118 from Toronto. The Toronto traveller pays nearly 350% more in taxes. And this is before Kathleen Wynne's aviation fuel tax is more than

doubled.

The Wynne government's attempt to raise revenues through a stealth tax grab on flying may just backfire. Airports across northern New York State are planning expansions and marketing campaigns to further lure Canadian travellers away from overtaxation and bad government policy.

## The Ticket Breakdown for a typical flight:

► Toronto Pearson (YYZ) to Orlando, Florida (ORL)

NAME OF PASSENGER	FROM	TO	FARE BASIS	FARE CLASS	DATE	TIME	STATUS
	TORONTO	ORLANDO					
<div>Base Fare \$118</div> <div>Including \$4.63 in airport rent charges, and between \$4.34 – \$5.37 in aviation fuel tax charges</div>							
<div>NAV Canada surcharges - \$7.50</div> <div>Canadian Airport Improvement Fees - \$25</div> <div>Security Charges - \$12.10</div> <div>US Taxes &amp; Fees - \$34.80</div> <div>GST - \$6.88</div> <div>HST - \$3.25</div>							
<div>Total Cost \$207.53</div>							

Base Fare  
**\$118**

Including \$4.63 in airport rent charges, and between \$4.34 – \$5.37 in aviation fuel tax charges

NAV Canada surcharges - \$7.50

Canadian Airport Improvement Fees - \$25

Security Charges - \$12.10

US Taxes & Fees - \$34.80

GST - \$6.88

HST - \$3.25

Total Cost  
**\$207.53**

► Buffalo, New York (BUF) to Orlando, Florida (ORL)

NAME OF PASSENGER	FROM	TO	FARE BASIS	FARE CLASS	DATE	TIME	STATUS
	BUFFALO	ORLANDO					
<div>Base Fare \$124</div>							
<div>US Taxes &amp; Fees \$20.88</div>							
<div>Total Cost \$144.80</div>							

Base Fare  
**\$124**

US Taxes & Fees  
**\$20.88**

Total Cost  
**\$144.80**

Data: Senate Committee Report

One of the more egregious components of the budget (and there were many) was the 148% tax hike on aviation fuel. Flying is already one of the most heavily taxed activities in our economy, and this new tax is going to make things even worse. The CTF worked quickly, and published a comprehensive report on the taxes

and regulations that plague the aviation world, and make Ontario one of the most expensive places in world to fly. The full report is available on our website, and the corresponding Op-Ed in the *National Post* (Kathleen Wynne's Travel Tax, May 15, 2014) was one of the most popular articles on the *National Post* website for several days.

## Budget day: taxes, deficit both up

Budget day in Ontario was quite the song and dance. The Liberals introduced one of the most irresponsible fiscal plans in recent memory, by hiking several taxes but still managing to increase the deficit by 25% over previous targets. This is because of \$3 billion in new program spending over one year, plus a 10-year, \$2.5-billion corporate welfare slush fund. And a new 25-year, \$29-billion plan to build public transit. The

budget also introduced an unnecessary pension scheme that will introduce a 4% payroll tax that will deduct about \$1,000 from the annual paycheque of the typical Ontario worker.

The budget itself was horrendous, but even worse was the political jostling surrounding the budget. Premier Kathleen Wynne's government managed to leak the entire document through a series of announcements leading up to

the May 1 budget. It used the media for weeks to tout its big spending plans and used targeted bribes to reward its coalition of supporters. The May Day budget was rejected by both opposition NDP and PC parties, despite their being evidently unprepared for an election campaign. Before the budget was ever debated in the house, the government was dissolved and the province was sprung into a late spring election. **t**



## Quebec budget: A timid step toward fiscal responsibility

growing deficit, expected to reach \$5.7 billion if nothing were done.

Unfortunately, like many before him, he seems to believe that state intervention creates wealth. Among other items, there will be a resurrection of the Plan Nord (massive government funding of infrastructure to exploit natural resources north of the 49<sup>th</sup> parallel) and the implementation of a maritime strategy, favoured by the Coalition Avenir Québec (CAQ). The government hopes that allocated funds will increase cruise ship traffic to Quebec City and develop a

disease: government hyper-intervention. Indeed, the Montreal Economic Institute noted years ago that heavy

regulations, forced unionization and hyper-compartmentalization in construction (26 trades versus six in Ontario) all contribute to higher costs and encourage people to find illicit ways to save money. In other words, raising awareness among construction workers about the benefits they lose when working 'illegally' is futile, since not declaring their hours allows them to pay less tax.

Fortunately, the budget contains genuine measures that could help decrease spending and balance the budget by 2015-16 as the government claims it will. One initiative will create a permanent working group that will thoroughly review all government programs and question their pertinence and efficiency.

Another initiative would cap consolidated spending. Sweden, Denmark, Switzerland and Austria have all capped their spending for a given period of time. The capping can be global, as in Switzerland, or for five major sectors, as in Austria. Either way, it can potentially tame the Leviathan a little.

However, the government's 2015-16 time frame for balancing the budget is a bold undertaking, according to Moody's. The agency notes the balanced budget depends on revenues saved by the aforementioned working group, which doesn't yet exist, and on capping spending, which has run wild in the past few years.

Only time will tell whether Quebec will be able to balance its budget. But if it's done through spending cuts, be ready for 2003-style public disturbances from unions, when then-premier Jean Charest promised his "state re-engineering."

If Quebec decides to balance its budget through spending cuts, prepare for a massive backlash from the unions.

'high value-added hub' in the Montérégie region.

The government hopes to partly finance these projects by intensifying its fight against under-the-table work. Some measures include a compulsory certification from Revenu Québec (which collects tax money) of construction businesses and more inspections during evenings and weekends and in businesses susceptible to fraud, such as financial markets and housing.

As an economist, Leitão should have been aware that undeclared work is the symptom of an insidious



by Pierre-Guy Veer

**B**ecause the Pauline Marois government called the 2014 election before its budget was adopted, a new one had to be passed promptly by the incoming government. New Finance Minister Carlos Leitão presented his budget June 4. He had the difficult task of addressing the ever-

## QUEBEC'S RÉGIE DU LOGEMENT: **Maintaining hostile relations** BETWEEN OWNERS AND TENANTS

**W**hile most Canadians were celebrating the birth of their country, many Quebec tenants were busy moving.

Since 1974, July 1 has become the province's iconic 'moving day.' Although there is room for negotiation, most leases expire on July 1.

The year 1974 also saw the birth of the Régie du Logement du Québec, the regulatory agency that

With these estimates in hand, a tenant can refuse to pay an increase. If the parties can't reach an agreement, they have to go before a Régie tribunal. In other words, the owner has to justify how he manages his property.

This justification can also be required when an owner wants to modify his property. The Régie's bylaws strictly regulate demolition: a single tenant can complain to the

tions shouldn't be a surprise. Too many people in Quebec still think they have a right to other people's property. This mentality is reflected by the FRAPRU, a coalition of community organizations which claim that housing is a right and that government must intervene to guarantee it.

This is precisely the problem. One does not have a right to a house or apartment. It remains a product. The

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“A tenant can refuse to pay an increase. If the parties can't reach an agreement, they have to go before a Régie tribunal. In other words, the owner has to justify how he manages his property.”

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oversees rental housing. Despite its neutral facade, the Régie is highly skewed in favour of tenants and creates havoc for apartment owners.

It is especially problematic when a property owner wants to increase the rent. Each year, the Régie publishes its province-wide estimate of rent increases. It barely takes into account such local variations as municipal taxes, which have dramatically increased since the municipal mergers of 2002.



Régie in order to stop the process. Once the complaint is received, the Régie checks whether the demolition respects the “public” as well as both parties' interest. It can also impose conditions on the demolition, of up to three months' compensation for tenants, including their moving fees.

The existence of such regula-

owner is the sole person capable of determining the 'right' price for his apartments: if the price is too high or if the dwellings are poorly maintained, no one will rent. It is therefore in the owner's self-interest to be competitive and offer the best product.

Unfortunately, this concept isn't grasped by many Quebecers. **t**



# Temporary foreign workers in high-unemployment Atlantic Canada?



by Kevin Lacey  
Atlantic Director

**A** new report on the federal Temporary Foreign Worker Program (TFWP) may have some big ramifications for employers and Atlantic Canadians dependent on Employment Insurance.

The Atlantic Provinces Economic Council released a study showing that 10,900 temporary foreign workers were brought into the Atlantic provinces in 2012 – a three-fold increase from 2005.

These numbers raise a simple question: why, in a region with more than 10% unemployment, do we need to bring in thousands of people from such places as the Philippines to fill jobs?

There are thousands of Canadians who are collecting EI payments funded by working people through their payroll deductions.

This summer, Canada's labour ministers met in Prince Edward Island. Ministers attending were ready to attack Federal Employment Minister Jason Kenney over changes he made to the TFWP, making it more difficult for companies to rely on imported staff.

The harshest criticism wasn't just from western provinces, where demand for labour is very high, but from the four Atlantic provinces – all of which have an abundance of available labour, yet jobs that aren't being filled by locals.

In one recent month, more than 90,000 Atlantic Canadians were drawing EI. Politicians from the region should turn their minds to why companies complain that they can't fill certain jobs with local hires.

The evidence supporting more dramatic reforms to the EI system is beginning to mount.

Atlantic premiers attacked the 2013 EI changes and set up their own task force to study the impact, hoping for a catalyst to get the changes revoked.

But this didn't entirely go as planned.

of consultation" with the provinces before the changes were made.

EI was once a taboo topic in Atlantic provinces. In 1997, Liberals almost became an endangered species here as a result of changes to EI, losing seats in all of the Atlantic provinces except PEI. In Nova Scotia all five Liberal MPs were defeated.

Perhaps things are changing. Perhaps people are realizing you can't build a 52-week economy on 14-week EI-based jobs.

A recent public opinion poll in Nova Scotia showed that support for the federal government's EI reforms was split 48% in favour versus 48% opposed.

So there is hope that

---

With over 10% unemployment, why are Atlantic business still needing foreign workers to fill jobs?

---

# NOW HiRING

In the end, the premiers' report failed to find that the EI changes actually harmed the economy, as they had predicted.

After months of consultation and analysis, the commission reported that the biggest problem wasn't the changes made by the federal government but the "lack

public attitudes are changing.

Now the goal is to change the attitudes of those who lead us.

# Tax Plan 1-2-3

There is perhaps no promise more frequently made and broken by politicians than the promise not to raise taxes.

Throughout our 146-year history, we have been caught in a cycle of spending beyond our means, going into deficit, then being forced to raise taxes in order to cover it.

Our high taxes today were not created overnight. They won't be solved overnight either.

As a result, the Canadian Taxpayers Federation pitched to the Nova Scotia commission reviewing taxation a proposal we call the 1-2-3 tax reduction plan.

The plan works like this: \$1 of tax relief for every \$2 of new revenue, implemented over three years.

This plan would be legislated after the province has balanced the budget. If, for example, revenues climb by \$100 million, \$50 million would be directed toward tax reductions. (Any money from the federal government that is earmarked for specific programs would be removed from the calculation.)

Under this plan, the government has the flexibility to reduce whatever tax it believes would have the biggest benefit to taxpayers and the economy. It could reduce income taxes, sales taxes, business

taxes, gas taxes, or increase personal exemptions, etc. Which taxes to reduce and by how much would be part of the budget debate each year.

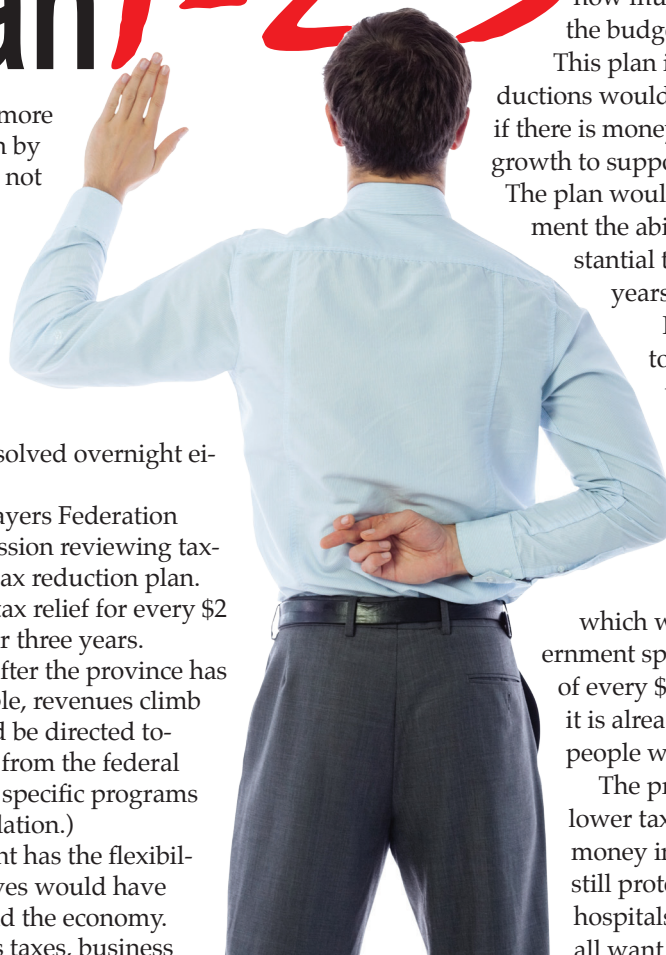
This plan is affordable. Tax reductions would only be introduced if there is money through revenue growth to support them.

The plan would give the government the ability to offer more substantial tax cuts over three years.

It's a simple and easy-to-understand plan that would show taxpayers the government is willing to deal with high taxes in Nova Scotia. It would also signal to other interests

which want to see the government spend more than \$1 out of every \$2 of new revenue that it is already committed to the people who earned it.

The province can achieve lower taxes and leave more money in your pocket while still protecting the schools, hospitals and roads that we all want. **t**



## Bluenose II hits another shoal

The famous fishing schooner Bluenose II has hit another bureaucratic shoal.

Early in June the Nova Scotia government announced sea trials (in other words: a test drive) were to take place.

But as TV cameras, media and onlookers were en route to the dock for her maiden sail, the government was forced to send an email announcing it failed to get the

right permissions to have the boat set sail.

It took another month before the proper paperwork would be in order. Eventually she did sail, but upon returning to port the government admitted the steering wheel was so heavy sailors couldn't get the boat to turn properly.

The refit of Bluenose II is two-and-a-half years late and was supposed to cost \$14 million. The government now says costs could hit \$25 million.



Bluenose II Steering Assembly: Flickr/John Douglas



## 24 going on 25

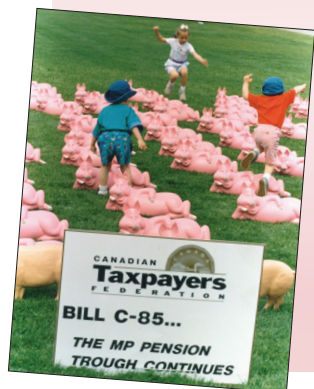
2015 marks the 25<sup>th</sup> anniversary for the Canadian Taxpayers Federation. While we have lots of surprises still to come for this special occasion, we are already getting the party started with a recently unveiled 25<sup>th</sup> anniversary teaser video.

The short video blends milestones from the past with successes of the present; from the anti-tax rallies of the 1990s to the Teddy Waste Awards of today. Check it out as well as our other videos, at <https://www.youtube.com/user/taxpayer-dotcom>.



## Making a splash on the Hill

Online news outlet iPolitics recently compiled a list of the five greatest Parliament Hill protests of all time. The list, in no particular order, featured the exploits of the Canadian Taxpayers Federation not once but twice, first for its “pigs on Parliament lawn” stunt (when former federal director Jason Kenney placed pink plastic pigs on the Parliament lawn to protest gold-plated pensions for MPs) and the more contemporary 30-foot Mike Duffy lookalike balloon used to protest the waste and misuse of taxpayer dollars in the Senate.



The full story can be viewed at [ipolitics.ca/?s=top+Hill+protests](http://ipolitics.ca/?s=top+Hill+protests).

## Staff Tweet of the Issue

*Candice Malcolm – CTF Ontario Director*



## What was the debt on...?

**A**t over \$600 billion and \$17,000 per person, Canada's federal debt is massive. But it didn't get there overnight.

At [DebtClock.ca](#) you can find the size of Canada's debt at any point in history and track its growth over time. Ever wonder what the debt was at the conclusion of the Second World War? When Stephen Harper took power in 2006? Your birthday?

Simply enter the date  
you're interested in and the

site will compute not only Canada's total federal debt at the time, but the per-person total as well.



# By the Number\$

Highest per person amount spent on wine  
in Canada in 2012-13:

**\$339.20**  
in Quebec

Lowest per person amount spent on wine  
in Canada in 2012-13:

**\$103.30**  
in Saskatchewan

Number of Canadians who visit an  
emergency room each day:

**27,513**

Number of daily emergency room visits in  
Canada caused by unintentional falls:

**1,557**

Number of daily emergency room visits  
in Canada caused by motor vehicle  
accidents:

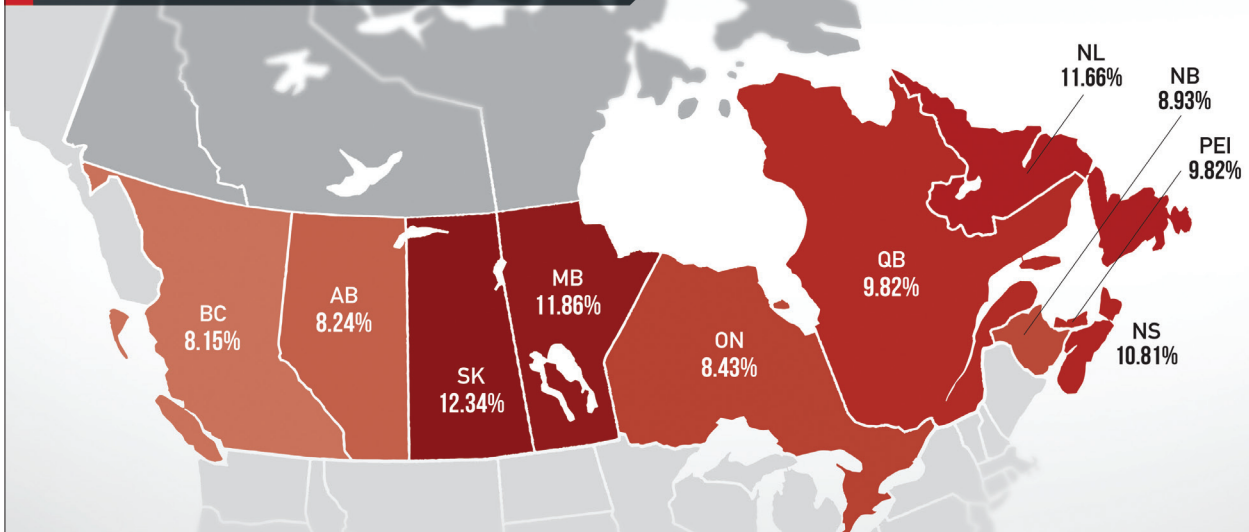
**437**

Percentage of daily emergency room  
visits in Canada deemed to be  
non-urgent:

**7.7%**

## Provincial & Municipal Bureaucrats as a Percentage of Population:

Canada:  
**9.11%**



Source: Statistics Canada, crown corporation employees not included

Taxpayer.com



# Are you on our e-mail list?

If you only receive this magazine, you only see a fraction of the work we do.

*Action Updates* received by e-mail keep you up to date and put tools in your hands to change Canada.

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or phone:  
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